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NOMINATION OF JESSE BROWN TO BE
SECRETARY OF VETERANS AFFAIRS

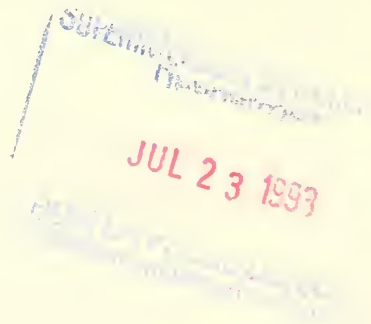
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Nomination of Jesse Brown to be Sec...

HEARING
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
ONE HUNDRED THIRD CONGRESS
FIRST SESSION

JANUARY 7, 1993

Printed for the use of the Committee on Veterans' Affairs



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NOMINATION OF JESSE BROWN TO BE SECRETARY OF VETERANS AFFAIRS

THURSDAY, JANUARY 7, 1993

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 9 a.m., in room SR-418, Russell Senate Office Building, Hon. John D. Rockefeller IV (Chairman of the Committee) presiding.

Present: Senators Rockefeller, Mitchell, Murkowski, Specter, Simpson, and Thurmond.

Chairman ROCKEFELLER. The hearing will come to order.

Because of a rule in the Armed Services Committee which requires Senator Robb and Senator Warner to be there at 9:30 this morning—

Senator THURMOND. And me, too.

Chairman ROCKEFELLER [continuing]. And Senator Thurmond to be there at 9:30, I am going to ask if Senator Thurmond has opening remarks, then go right to Senator Robb to introduce Jesse Brown, and then we will return to the regular order.

OPENING STATEMENT OF SENATOR THURMOND

Senator THURMOND. Thank you very much. Mr. Chairman, I just want to express my pleasure at having you as the Chairman. It will be a great pleasure for me to work with you on this Committee.

Chairman ROCKEFELLER. Thank you, sir.

Senator THURMOND. I want to fully endorse Mr. Brown. I think he is well qualified and I want to say that I think the President has chosen wisely in choosing him as the Secretary of Veterans Affairs.

I have got to go to Armed Services and I ask unanimous consent that my statement be placed in the record.

Chairman ROCKEFELLER. Without objection, your prepared statement will appear in the record.

[The prepared statement of Senator Thurmond appears on p. 34.]

Senator THURMOND. Thank you.

Chairman ROCKEFELLER. Thank you very, very much.

Senator Robb, we are working a little bit out of order here, but would you please go ahead and make your introduction of your Commonwealth mate here.

**STATEMENT OF HON. CHARLES S. ROBB, U.S. SENATOR FROM
THE STATE OF VIRGINIA**

Senator ROBB. Thank you, Mr. Chairman. I am delighted to do so. My senior colleague Senator Warner was here and, because of the rule, I am sure that he will be back up momentarily. Matter of fact, I'll go down 2 floors and relieve him.

I am very pleased, first of all, to welcome you as the new Chairman of the Veterans' Affairs Committee; and, second, to be here with the Secretary-designate, Secretary nominee Jesse Brown this morning.

Both Senator Warner and I have the privilege of being the representatives of his current home State. He is actually a Chicago, Illinois native but he has been in Virginia long enough. He is actually far enough into Virginia that we could really call him a Virginian, not someone just clinging to the edge of the Potomac but down in real Virginia and has been there for some period of time. [Laughter.]

The Chairman of the Joint Chiefs Colin Powell and I both had the privilege of addressing the opening session of this year's DAV convention out in Reno, Nevada this year and had a chance to spend a little time with Jesse Brown at that particular time. I developed a great respect for him; understood that, in addition to being a superb choice by the President-elect to represent veterans in his Cabinet, he is someone who knows the veterans' community. Obviously, his long association with the DAV, his record of service to his country, the fact that he has served in the U.S. Marine Corps I found to be an especially important qualification. [Laughter.]

So you have a Virginian who served in the U.S. Marine Corps and someone who clearly understands veterans' issues.

I think there has been a concern from time to time by veterans' organizations, understandably, that those who represent them may not always be one of them in every sense. And here is someone who clearly has been a part of that structure for a long period of time, understands the budget for this Committee without any OJT, someone who has had a long and distinguished career representing his country and the DAV, and someone who I think is going to make a superb representative for veterans' organizations around the country and is going to be able to broker the difficult choices that we all face in the coming year with the constraints on the budget and still keep faith with those who have worn the uniform of our country and served so faithfully.

So I am very pleased to commend to this Committee for formal confirmation Secretary-designate Jesse Brown. I know that he will serve with distinction.

I am pleased that my senior colleague, Senator Warner, is now here to pick up where I leave off.

Chairman ROCKEFELLER. Thank you, Senator Robb.

I might say just before I introduce Senator Warner, I would never start a Committee meeting without my Ranking Member, Senator Murkowski. He is on his way. But because of the 9:30 Armed Services rule, I am proceeding only because of that reason.

Senator Warner, we welcome your comments.

STATEMENT OF HON. JOHN W. WARNER, U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator WARNER. Thank you, Mr. Chairman.

Senator Robb and I are privileged to go down to the Armed Services Committee with Congressman Aspen momentarily.

I had the opportunity to visit with this distinguished nominee yesterday extensively on a wide range of issues. And as my distinguished partner and friend and colleague, Senator Robb, has given you the biographical material, I just wish to add two points which I think are very important.

First, the President's nominee has committed to me, and will in the course of his testimony to this Committee and then eventually to the Senate as a whole, that as he undertakes this very important responsibility, he wants to work as a member of President Clinton's team to try and bring about a greater degree of fiscal stability to our country. Many petitions will come to this distinguished American from veterans' organizations for added funding in a variety of fiscal matters because, at long last, they have got one of their own. But he wants to work as a member of the President's team to bring about some correction in the fiscal problem that we have before this Nation today and he is willing to stand up, defend his constituency and the Department of Veterans Affairs while at the same time recognize the needs of the country to bring about greater fiscal stability. I commend him for that because it is not going to be easy.

Second, he is going to take on a very large Department and he is going to work to try and eliminate the waste, fraud, and abuse that is in every single Department of Government that has been there since 1776. No matter how hard all of us who have those responsibilities try, we can only do our very best. He has committed to the Senate to do his very best within his own Department to try and eliminate as much of the waste that is evident in all parts of our Government.

I think this Nation is fortunate that our President to be has selected such a distinguished veteran, former Marine—we have three of us here together this morning. Marines have always had a means of doing as well with less throughout history and I am sure you will do the same thing. [Laughter.]

We are fortunate to have him, and I thank the distinguished Chairman and Ranking Member of this Committee for the opportunity to come up here and give my unqualified endorsement together with Senator Robb.

[The prepared statement of Senator Warner appears on p. 34.]

OPENING STATEMENT OF CHAIRMAN ROCKEFELLER

Chairman ROCKEFELLER. Thank you, Senator Warner.

We thank both of you gentlemen. We appreciate the courtesy that you have done to Mr. Brown and we thank you for your attendance.

This is, of course, a meeting to confirm Jesse Brown, to consider that confirmation, whether or not it will be done, as Secretary of Veterans Affairs. Jesse, I have to say to you that from my role as a new Chairman—I won't make any comments about that; I'll do that at some other meeting—I am very honored that this first

meeting takes place with you and I working together. I want to welcome your wife Sylvia and your son Scott here today. And I want to congratulate you personally on the honor of having been nominated for this very important post. I think it must be a matter of great pride to you and great satisfaction.

Jesse Brown's 25 year career as an advocate for veterans reflects a deep-seated commitment to ensuring that Government fulfills its fundamental obligation to those who have defended our country, both in times of peace and in times of war. He is truly a veteran's veteran. A decorated combat Marine who experienced great personal hardship in Vietnam.

It is a long way, I would suspect, Jesse, from Chicago and the regional office there to being considered for Secretary of Veterans Affairs. I suspect that is a journey that you've reflected on a great deal in the last several days. Every step that Jesse Brown has taken on that road has been marked by principled hard work, unwavering commitment, and excellence. He embodies the noble concepts of which we so often speak in this Committee—patriotism, heroism, service to country, commitment, and honoring the fundamental obligation to the veterans of our Nation.

This hearing gives the Committee an opportunity to learn about Mr. Brown's views on the enormous challenges that face the next Secretary of Veterans Affairs and the Administration that he will serve, and us, as the Veterans' Affairs Committee, and the manner in which Mr. Brown chooses to address the problems, to the extent that he cares to talk about that.

In closing, I note that Mr. Brown has completed the Committee's questionnaire for presidential nominees which will be printed in the hearing record, along with his responses to my numerous pre-hearing questions which he has already responded to, and a letter from the Office of Government Ethics to the effect that he is in compliance with applicable law and regulations governing conflicts of interest. That is obviously a very important matter. All of Mr. Brown's published writings have been reviewed by Committee staff, who have also spoken with many individuals who have worked with Mr. Brown. I have reviewed, as has Senator Murkowski, the FBI report and have found no bar to his confirmation and expect, Jesse Brown, to give you my very strong support.

[The documents referred to appear on pp. 42-48 and pp. 57-77.]

Chairman ROCKEFELLER. Finally, it is my intention to schedule—this I say to Committee Members, those present and some who are not—that we will have a vote on this nomination on the 19th of this month so that the Senate may take up the nomination on the 20th, as is the plan for the other nominees.

I have some written questions for Mr. Brown that I will submit today and may have additional written questions, as other Members I am sure will, Mr. Brown, so that they may be prepared to act on January 19. I ask of Committee Members and of staff of those who are not here, I hope they will convey that to their Members, that all written questions be submitted no later than January 12 and that they be replied to, Mr. Brown, and returned no later than January 15.

[The prepared statement of Chairman Rockefeller appears on p. 33.]

Chairman ROCKEFELLER. I call now upon a very good friend of mine, somebody who I respect very much, trust very much, and like very much, Senator Frank Murkowski.

OPENING STATEMENT OF SENATOR MURKOWSKI

Senator MURKOWSKI. Thank you very much, Jay. I appreciate that introduction.

Good morning, Jesse. We welcome you before this Committee and would ask your indulgence as I make a brief opening statement.

First of all, good morning to you, Mr. Chairman. I think that has a nice ring to it. [Laughter.]

Having been Chairman of this Committee, along with my good friend on my right, Alan Simpson, I want you to know I value your expertise, look forward to your leadership, and want to recognize your expertise in health-care issues. I am confident that your knowledge and commitment will serve the Committee and America's veterans as well. I certainly look forward to working closely with you and the Members of the Committee in a bipartisan effort of cooperation which I think has been the tradition of this Committee.

Veterans, as we both know, served our Nation as Americans not as republicans or democrats. I am confident that this Committee will continue to serve America's veterans on that same basis.

I would like to commend the last Ranking Member of the Committee, Senator Specter, and, again, I would recognize Alan Simpson who has chaired both the majority and the minority, for the fine leadership during the period of time that they served. And as past Chairman and ranking of this Committee, I will continue to make every effort to meet the obligation that the Congress has to American veterans along with my republican colleagues on the Committee.

I am pleased to advise you that Mr. Principi, the current acting Secretary of Veterans Affairs, will be joining the minority as Chief of Staff to the minority. Mr. John Moseman, on my right, who recently was Chief Counsel to the Intelligence Committee, will take the position as Chief Counsel on the minority side of the Republican Senate Veterans' Committee. I make that notice, Mr. Chairman, in the interest of full disclosure.

However, the reason we're here today is to welcome Jesse Brown and his family to our Committee. You've recognized Mrs. Brown, I believe, his daughter Carmen, and son Scott. Would you care to be recognized at this time? We'd be happy if you would stand up. We wish you a good morning. [Applause.]

As we both know, Jay, Mr. Brown is no stranger to this Committee. He has a written and long and distinguished record of service to our Nation. And the honor of appearing before the Committee as the nominee for the Office of Secretary of Veterans Affairs is one that he has earned and is most deserving. A combat wounded Marine, Jesse Brown hears America's veterans with ears that only someone who has walked in their shoes can make that claim. A disabled American veteran is seen with the VA's eyes that only a patient and a beneficiary of that care can possess. A skilled and knowledgeable expert on veterans' issues. And I note in your clippings, sir, the reference to a veteran's rights advocate. We talked

about that and that is an excellent qualification, putting you on the administrative hot seat in your new position as head of the Department of Veterans Affairs.

I think, sir, you won't have to hit the ground running; you've already been running at full speed for over two decades. I have no doubt that you rose to the top of the Disabled American Veterans through a unique combination of expertise, energy, and skill. The Disabled American Veterans is an extraordinary service organization, giving much of itself in both money and effort on behalf of our Nation's disabled veterans.

I want to thank you and your associates for helping make a memorial now rising in Wasilla, Alaska, in large measure because of the Disabled American Veterans. I think that is one example of the reach and scope of the organization you were associated with.

Mr. Brown, as Secretary of Veterans Affairs, you are going to be facing enormous challenges. You have to make some difficult decisions; some of them are going to be at odds with the positions of the veterans' service organizations, including your former association with the Disabled American Veterans. However, after our extended meeting yesterday, I am confident that you will grapple with the tough issues involved in providing veterans with the quality care and the benefits that they are entitled to. I am further confident, sir, that you will provide the VA with the leadership to make effective and necessary implementation of the efficiencies which must be the watchwords of an organization with a \$35 billion budget and 240,000 people providing services to American veterans, and you will be able to keep in mind your responsibility to the American taxpayers. I am reminded of that poster of the cat hanging onto the clothesline with diligence—the assurance that it is going to hang on there but the realization that there is a great deal of risk and responsibility associated with carrying out that difficult task.

The American people were the beneficiaries when our Nation called its young men and women into uniform. They now provide the resources that we must commit to our former servicemembers as veterans. You and I both know that that obligation is a debt that never can be properly repaid but we must do the best we can with the tools at hand.

This year health-care reform will be near the top of the congressional agenda. We are going to have to ensure that the VA and the veterans are not forgotten in the rush to reform. The Congress must fully understand the priceless national asset the VA represents. And the VA must join by vigorously and aggressively asserting itself into the debate to come. In the years to come, the Committee must work with the veterans and the VA to identify the changing ways to meet our national commitment to our veterans and we must have the support of the veterans' organizations to meet those changing needs while at the same time responding to the budget realities constraining both Congress and the Administration.

As you and I both know, the Chairman would agree, you have a tough act to follow. Former Secretary Derwinski and his deputy Tony Principi are, in my view, exceptional public servants. But you have accepted this difficult challenge and I am confident you will

have the support of this Committee and that you will be confirmed. I look forward to your testimony, Mr. Brown, and to discussing the issues facing our Nation and our veterans together, and pledge my efforts and cooperation to our Chairman, Senator Rockefeller.

Thank you, Mr. Chairman.

[The prepared statement of Senator Murkowski appears on p. 34.]

Chairman ROCKEFELLER. Thank you, Senator Murkowski. It will be my practice, as in other hearings, that people will be recognized, other than Senator Murkowski who will always be the first recognized after myself, except of course any time that the Majority Leader is here. [Laughter.]

And the Majority Leader is here so we would welcome any comments that the Majority Leader might want to make.

Senator MITCHELL. I thank you, Mr. Chairman. I note Senator Specter and Senator Simpson were here before I. If either of them have other commitments, I would be pleased to yield to them, Mr. Chairman. Senator Specter, do you have another commitment? Do you wish to proceed now?

Senator SPECTER. I will be glad to yield to you.

OPENING STATEMENT OF SENATOR MITCHELL

Senator MITCHELL. Thank you very much. I appreciate my colleagues' courtesy. I do have to return to the Capitol Building for other business, but I want to say it is a pleasure to join you, Mr. Chairman, Senator Murkowski, Senator Specter, and Senator Simpson in welcoming Jesse Brown to today's hearing on his nomination to become the Secretary of Veterans Affairs.

Before making brief remarks about the nominee, I would like to acknowledge Senator Rockefeller who is conducting his first hearing as Chairman of this Committee. As all of us know, Jay Rockefeller brings intelligence, innovation, and total commitment to everything he undertakes. His widely respected knowledge of health care will be critical over the next several years as this Committee exercises its oversight responsibilities over the largest health-care system in the Nation. I know he will be a superb Chairman. I very much look forward to working with him, with Senator Murkowski who has resumed his position as Ranking Member, and with the other Members of the Committee as well.

I have similar high expectations for the man nominated by President-elect Clinton to be Secretary of Veterans Affairs. Jesse Brown brings a wealth of personal and professional experience to the job. He has an outstanding record. Enlisting in the Marine Corps shortly after graduating from high school, wounded in Vietnam, he went to work for the Disabled American Veterans in 1967 where he served with distinction, rising from national service officer in Chicago to Executive Director of the DAV's Washington headquarters. He has been an effective and passionate advocate, respected for his grasp of VA regulations, his persistence, his attention to detail, his dedication on behalf of veterans. Those are valuable qualities to bring to the Department where he faces a huge challenge as Secretary if for no reason other than the issue of health care.

In trying to address that and other issues, Mr. Brown, you must meet the very high expectations that exist among the Members of

this Committee, our counterparts in the House, the various veterans' service organizations. All expect you to be a forceful, determined, and consistent advocate for the interests of veterans, their families, and survivors. It won't be easy. The Secretary of Veterans Affairs is daily forced to balance the responsibility to being a part of the President's Cabinet, a team player within the Administration, and with being an advocate for veterans. That's a balance that is difficult to strike; everybody here recognizes it. You have a responsibility to veterans, you have a responsibility to all Americans.

I can tell you that the Members of this Committee, every one of us, look forward to working with you to find and fashion solutions to the problems you will confront. We want you to succeed as a Secretary of Veterans Affairs. We share a common goal regardless of party or where we're from, and that is to see that veterans through their service to this country receive that to which they are entitled in an efficient, fair, equitable, and cost-effective manner.

I congratulate the Chairman and I look forward to working with him and the other Members of the Committee.

Mr. Chairman, I ask unanimous consent that the full text of my statement be placed in the record and that written questions I have for Mr. Brown be submitted to him so that he may respond in writing at his convenience.

[The prepared statement of Senator Mitchell appears on p. 37.]

Chairman ROCKEFELLER. Of course, that will be done, and we thank you very much for your comments, Senator Mitchell. I appreciate it a lot.

Senator MITCHELL. And I thank again my colleagues Senators Specter and Simpson for their courtesy.

Chairman ROCKEFELLER. Senator Simpson.

OPENING STATEMENT OF SENATOR SIMPSON

Senator SIMPSON. Mr. Chairman—and that does have a ring to it—I do commend you and I am looking forward to working with you. You and I have had a fine relationship and I consider you a lovely friend. I had a cherished relationship with Al Cranston through the years while he served as our Chairman. Then I served as Chairman and then Frank Murkowski served as Chairman and then Alan Specter was the Ranking Member. But throughout it all, it was Al Cranston who was either the Chairman or the Ranking Member and it was a wonderful association for me. It was based on trust, directness, and candor even when we thoroughly disagreed, and sometimes we did thoroughly disagree on a couple of odd items. Nevertheless, I do commend you and I look forward to working with your staff. We worked together on the drug pricing issue and I think we reached a fine result through conference. There will be many more issues coming up and I look forward to that.

I know this man. I admire Jesse Brown. I have probably had more scraps with the DAV than any other organization on campus and I probably will have some more. But throughout it all, I have watched him conduct himself as a very steady, very direct person with great integrity who sticks by his guns and who is pretty gutsy. He will need all of those characteristics in his new position. I have sat here—and I share with you, Mr. Chairman, as I shared

with Jesse in our visits—and he shared with me that he did a little research himself—that 57 percent of the past VA administrators were either fired, forced out, or left under other than voluntary conditions. We know why. Because you will never meet the test of purity—of what I sometimes call the “professional fundraising veterans groups” who spend a great deal of time riling up Americans.

There are 27 million of us veterans. Thank heaven I am one because they would have played taps and ripped off my epaulets on the parade ground long ago. I am a veteran and I am very proud of that. I went overseas. I never had a shot fired at me. And that's been true for most of us are who are veterans. There are 27 million of us and perhaps only 3 to 4 million have ever seen the horror of combat or been in a combat-related theater or in training accidents of true merit. Now that's where we are today.

I must say, in my 14 years on this Committee, and I don't say it just out of perversity, that we indeed are going to have to prioritize care for veterans based upon their service—did they go overseas, did they remain here, were they in combat, were they not in combat, and did they serve 1 year or less. Millions of veterans served less than 1 year or 1½ years and yet they still receive every single benefit that a combat veteran receives. That can no longer go on. We are going to have to prioritize and separate service-connected from non-service-connected injuries.

I am not going to even bring it up, but we ought to look at presumptive diseases. There are 86 of them now; there were 34 when I came here. All you do is bring up a new one and just say that that disease came from one's service in the military. We know that is absurd. It just doesn't make sense.

What are we going to do with underutilized hospitals? Just keep them as they are? Will we ever coordinate our efforts with the Department of Defense? I was very heartened, and you can express it yourself, when you said that we're going to have to look into some of those things. I wouldn't burden you with anything other than that. We are going to have to look at some of those things. We will also need to focus on the declining veterans population, which will obviously mean more costly health care, nursing home care, and aging care will be needed to serve that population.

Those are just plain tough issues and we are going to have to deal with them. Yet, it has been my experience, and a very sad one, to watch the veterans' organizations come before us each and every year to ask for more, to rile up their membership—and it is a minor membership compared to the full membership of the veterans of America, which is composed of all of who served. I watched the budget go up the last 4 years \$1 billion a year while every other budget in the United States was getting whacked on in extraordinary ways and still it was not enough, and still the “professional fund raising veterans” were back. And their annual gatherings here have become just a ritual of knocking on the Congress and saying that we do nothing when what we do is almost \$35 billion worth of something. The American people need to know that. I'll keep calling it to their attention. It is very politically hazardous but I will continue to do it.

My criticisms to you, sir, will never be based on partisanship. Never. I promise that. They will always be based on issues. I took

on plenty of the people on this list of Veterans Affairs Secretaries and Administrators since I've been here. Max Cleland was a wonderful Secretary—it wasn't a Secretary post then, it carried the title of Administrator—and really they almost drove Max out of there. He couldn't satisfy them and he'd given three limbs of his anatomy to his country and it was still never enough. So when he left they were in a chorus of haggling and snorting and bellowing about him. But he was gutsy and tough and I admired him.

And so I say to you, God bless you. My activities here in this Committee will be based on fairness, and are what I perceive to be a rather extraordinary hypocrisy, that the continual complaint goes up from the, as I say, "professional fundraising groups," that we do nothing. This is an extraordinarily generous country to its veterans. We are the only country in the world that provides these kinds of benefits for non-service-connected disabled and noncombat military personnel. The only one on the face of the earth. I am ready to do some priority designations, to work with you, and I hope and pray that you will be good and tough and strong and run them back in their holes when they begin to harass you, and you can bet they will.

Then you want to be very careful of any conflict with your former organization. That indeed you will want to have fully on the record to let them know that you do indeed have a pension from the DAV and that it is perfectly valid; and that the DAV does have an extraordinary pension plan but that it is separate and apart from you. But nevertheless, that will come up; all those things will come up.

Be careful. Guard yourself. Perceptions are everything here; facts are nothing. [Laughter.]

I wish you the very best. I can assure you that if ever you should wish to call upon me for whatever reason, I will try to respond as one who respects you and has considered you a very fine friend in my time here.

[The prepared statement of Senator Simpson appears on p. 38.]
Chairman ROCKEFELLER. Thank you, Senator Simpson.
Senator SPECTER.

OPENING STATEMENT OF SENATOR SPECTER

Senator SPECTER. Thank you, Mr. Chairman.

Mr. Brown, I join my colleagues in welcoming you here for this confirmation hearing. At the outset, I extend my congratulations to Senator Rockefeller in taking on the chairmanship of this Committee. He has been on this Committee for his tenure in the Senate and I look forward to working with him in his capacity as Chairman. I note, as Senator Simpson did, our missing Senator Cranston who had served so many years here. I also compliment my colleague Senator Murkowski in resuming the position as Ranking Member. I remain a little perplexed by the Senate seniority system but I salute the Senate seniority system. I had been the Ranking Member for 2 years and considered it very important work. In the 12 years I have been in the Senate, I have been on this Committee all the time and consider no other committee or no other assignment more important than looking after the interests of the veterans of America. And Senator Murkowski has seniority and has

taken the position and I look forward to working with him as well as with the new Chairman.

I have had the pleasure to work with you, Mr. Brown, in the past in your capacity as Executive Director of the Disabled American Veterans. I have substantial knowledge about your skills and your expertise and have reviewed in detail the FBI investigative file and other materials furnished on you. I had a long conversation with you in anticipation of this hearing. I compliment President-elect Clinton on his choice of you as Secretary of Veterans Affairs-designate. I believe you have the credentials to do an outstanding job. I say that only with a reservation as to whether anything comes to the attention of this Committee in the interim between now and the time the confirmation vote comes up, because that we cannot account for, and I believe that the confirmation process is a very, very serious process. In complimenting the President-elect, I would say at the same time that I do have some reservations about some of the nominees and I believe it is our responsibility under the Constitution to look very, very closely at those people who come before the Senate for confirmation.

I am impressed with your record, Mr. Brown, and especially in the context of how you have come up through the ranks, served in Vietnam, wounded in action. You and I talked about your background and I asked you about your educational background and you smiled and said, "I don't have one." I responded to you that I thought that your experience level and your success level in coming to this position was a real tribute to you and more so than to those who have a lot of fancy degrees. It is the mark of a real man to come up as you have. I think that is to your credit. I think your experience with the Disabled American Veterans will stand you in good stead. Occasionally, Senator Simpson and I have some disagreements about veterans groups and about priorities, et cetera, and we will not go into those at any length today except to make a brief comment that when I first met you and shook your hand, you reminded me of my father who was a veteran of World War I. He came to this country as an emigrant in 1911 and was proud to answer the call of his Government. He rose to the rank of buck private, served in the Argonne Forest, carried shrapnel in his legs until the day he died, and sustained a serious injury to his right arm, not service connected. I don't know if Senator Simpson would agree with his treatment in the veterans' hospital in Wichita, Kansas, where we lived at the time. I went back and checked his records. He was admitted there on August 7, 1937, and I found a veteran in Wichita, Kansas, who was about my father's age. When I shook your hand I thought of his hand. You received your disability from a gunshot wound in Vietnam. I bring up my father whenever I have these discussions with Senator Simpson because of the unique regard Senator Simpson holds for his father. I think it is great to have a high regard for your father and your mother.

Senator SIMPSON. You didn't give his name. Harry. [Laughter.]

Senator SPECTER. You didn't give the name of your father either. [Laughter.]

Senator SIMPSON. I know the story. He must have been a marvelous man.

Senator SPECTER. He certainly was. But I think that your experience in the service and my father's experience in the service and the experience of 27 million other veterans—and I do not distinguish among them—are a sign that we have a great commitment, an obligation to the veterans. We make many gifts and many grants does the powerful United States of America, but to the veterans there is a commitment. It is a contractual commitment. As I talked to you earlier about going through the budget in detail and I asked you to be an advocate for the veterans and you described your conversations with the President-elect, you are going to have some disagreements with the Office of Management and Budget. It is your job to be the advocate. There are people on this Committee who will want to help you but we have a big budget for the veterans, we have big responsibilities.

I invited you to come to Pennsylvania, and when I have a brief dialog with you later, we will put on the record our conversation that there are many things that have to be done. I look forward to working with you on this very important task.

Thank you. Thank you, Mr. Chairman.

[The prepared statement of Senator Specter appears on p. 38.]

Chairman ROCKEFELLER. Thank you, Senator Specter.

I would note that Senator Akaka, who is not here, has an opening statement which I will put in the record. He will have followup questions.

[The prepared statement of Senator Akaka appears on p. 39.]

Chairman ROCKEFELLER. I am going to speak about Senator Cranston at another early meeting. I also want to say, Senator Murkowski, that I look forward very much to working with Tony Principi. The experience that I had with him, we all had with him when he was at the VA last year in that drug prescription price matter showed that we can work in a bipartisan way on this Committee and that we need to.

Mr. Brown, it is the rules of this Committee, before you give your testimony, which we'll now be prepared for, that you take an oath. This is not I think true at most other committees but it was started in this Committee. So I would ask you to rise at this time and I will administer to you the oath.

Do you swear or affirm that the testimony you will give at this hearing and any written answers or statements that you provide in connection with this hearing will be the whole truth and nothing but the truth?

Mr. BROWN. I do.

Chairman ROCKEFELLER. Thank you very much.

This is a dramatic and historic moment, Mr. Brown. We present you for whatever words you would have to say, sir.

TESTIMONY OF JESSE BROWN, NOMINEE TO BE SECRETARY OF VETERANS AFFAIRS

Mr. BROWN. Thank you, Mr. Chairman. Chairman Rockefeller, Senator Murkowski, Members of the Committee, it is a pleasure to be here today before you as President-elect Bill Clinton's nominee for the post of Secretary of Veterans Affairs. This is not my first appearance before this Committee. Through the years, I have often had the privilege of working with you, testifying before you on is-

sues of concern to disabled veterans and their families throughout this country. For us, issues such as health-care reform, homeless veterans, POWs, and MIAs are not momentary fads which briefly attract public and media attention and then fade away. They are difficult, long-term challenges with which we have struggled for years. I know as we continue to struggle for their resolution, we can work very closely together, that this is only the first of many meetings between us. And I firmly believe that we can and must address the needs of this Nation's veterans in a nonpolitical and bipartisan manner.

As Executive Director of the Washington headquarters of the Disabled American Veterans, I have worked closely with this Committee to identify and implement needed services for disabled veterans of this Nation. Over the last 25 years, I have also enjoyed a close relationship with many of the talented career professionals within the Department of Veterans Affairs, people like Pat Carrington. Today I believe we already have in place a dedicated team, one which I am honored to have been asked to lead.

Today I appear before you as one who would take up the mantle for all veterans of our Nation. I believe that the role of Secretary of the Department of Veterans Affairs is an important one, because I believe that the way a society treats its veterans is an indication of who we are as a Nation. Those of us who went to war did not ask how we would be treated upon return. We assumed that our Nation would meet the special needs of those who answered our Nation's call. And for my entire adult life I have done everything in my power to see that a grateful Nation does not forget its duty to its citizen soldiers.

I was introduced to the Veterans Administration after I was wounded in Vietnam. At that time, I found a health-care system and veterans benefits delivery system comprised of good and dedicated people; a group of professionals with a shared commitment to doing all that they could possibly do for our Nation's veterans. But then, as now, a scarcity of resources often made it difficult to get the job done. I knew back then—more than 25 years ago—that I could and would make a difference. That I—and people like me—could ensure that this Nation's commitment to her defenders was met.

My continuing pursuit of that goal will define my tenure as Secretary of Veterans Affairs if I am confirmed. And I am confident and convinced that President-elect Clinton shares my goal.

I have been asked if my background as a veteran advocate will impair my ability to get the job done as Secretary. I believe the opposite is true. My long years of advocacy have given me an intimacy with veterans issues that can only come from hard work, every day, year in and year out, in a single field.

I learned to build bridges and bring about agreements between organizations which are in some ways vastly different. I used those skills to mobilize the VA and organizations on issues that were of concern to us.

I learned the VA's budget, line by line, program by program. I grew to know the workings of the Department of Veterans Affairs so well that I authored DAV's continuing training program for national service officers—teaching veteran's advocates how to effec-

tively represent veterans and their families to get all of the benefits to which they are entitled.

I learned how to best streamline an organization and how to stretch the tight budget of a nonprofit organization and how the VA might be streamlined as well.

And I learned how to look into the future, to anticipate needs and problems and to seize control of events and agendas. How will we plan today to meet the changing needs of our aging population tomorrow? How do we shift from acute care to chronic care in VA hospitals without waiting for scandal and bad press to force us to react belatedly? What is the VA's role in a health-care reform era?

I believe that I have represented not just a small segment of our population as a veterans advocate, but the will of an entire Nation with an unwavering legacy of care and support for those of her sons and daughters who have been placed in harm's way.

If we are to nurture and protect this legacy, I believe adequate funding is a top priority. A number of health-care initiatives require our immediate attention. Many veterans and VA health-care professionals are highly, and justifiably, critical of the current system as complex, confusing, and not always consistent with good medical practice. Therefore, we must address eligibility reform.

We must also reduce our claims processing time and backlog that compel veterans and their families to wait months before receiving needed services.

And I believe we must pay special attention to the needs of our homeless veterans. That those who served our Nation honorably must now sleep on steam grates is a shame and a national tragedy.

Mr. Chairman, my written responses to the prehearing questions contain detailed information on the agenda I believe should be set for the Department during the Clinton administration. For now, I think it is important to say that I believe that President-elect Clinton selected me for the job of Secretary of Veterans Affairs because I have seen close up the impact that VA programs can have on the lives of veterans and their families. Because I know the special and varying needs of those who served in different periods in our country in different wars and at different times. And because the President-elect and I share the belief that good and honest people can truly find the best possible ways to, as the VA motto states, "Care for him who shall have borne the battle, and his widows and orphans."

Mr. Chairman, this concludes my opening statement. I am happy to respond to any questions that you may have.

[The prepared statement of Mr. Brown appears on p. 40.]

Chairman ROCKEFELLER. Mr. Brown, I thank you very much. It will probably be my—it certainly is for today—probably my choice in the future that we go under the 5 minute rule for questioning. This Committee has often used the 10 minute rule, but I think if you have several rounds of 5 minutes, that means that people who are waiting or may have to go—Senator Simpson I believe has an airplane to catch—that it means that we can get to more folks more quickly. We will stay here until all the questions that need to be asked are asked.

I will start, followed by Senator Murkowski.

Mr. Brown, some have raised questions which you partly answered in your testimony, and that is, how is it possible for somebody who has been a professional, paid advocate for a veterans' organization to then go to the Department of Veterans Affairs and to take all the problems that are reflected in our Nation's budgetary deficiencies and other matters and then fill in that role as a smooth transition, No. 1. I want you to speak about that.

Also, some have said Disabled American Veterans is an extremely important organization but it doesn't necessarily have a great many employees. And that coming into the VA which has several hundred thousand employees, that this is a question. How do you think in terms of administrative ability that you will be able to handle this job? I would appreciate it if you would answer both of those questions.

Mr. BROWN. Thank you very much, Mr. Chairman. First of all, I think it is very important to state before this Committee that, as the record will reflect, I have spent 25 years as a strong and aggressive advocate for veterans. If I am confirmed as Secretary of Veterans Affairs, I will continue in that role.

But I understand, and I think veterans understand, that with that responsibility, it has to be viewed in the context of what is best for the Nation as a whole. I think that is one of the reasons why President-elect Clinton selected me. He wanted to ensure that we have someone that really understands exactly what is needed to move forward on the various programs to bring about change. And that is what I think we need to do here.

We have been stagnated for so very long that we tend to always look for a precedent before we take any action. I think that with the experiences that I bring to the table and the fact that we have many, many dedicated employees already on board—I've mentioned one that is here today, Pat Carrington, and there are many, many other folks that have many years of experience—we can draw upon that. And with the infusion of new ideas and innovative approach, I think that we will be able to move the organization forward, to capitalize upon the American people's demand and mandate for change, and I plan to do that.

Chairman ROCKEFELLER. Thank you, sir, very much.

A great concern of mine on the national basis is health care. President-elect Clinton is thoroughly committed to health-care reform. It is going to be a Peloponnesian War before it is completed. I have the feeling that it has to be done by the end of this year, all the enabling legislation.

It is a fascinating matter to consider not just what it is that we will do to reform our health-care system in this country, which has never been reformed in its history—Medicare and Medicaid were really add-on, not reform—it is fascinating to contemplate not only that, but what the effect will be and the interaction, if there is any, will be with the VA system of health care. As has been said before, it is the largest health-care system in this country. It is a single payer system run entirely by the Government, services that are available in our VA system are usually much less expensive for the same services in other hospitals or other areas. So there is a very interesting potential tension, potential cooperation, potential we're not sure what, but we know we're going to reform our health-care

system. We know that the VA system has a very large health-care system with 171 hospitals.

I would be interested, Mr. Brown, in any reflections you would have on how these might interact. And second, any comments that you would have on the VA system as it is now with respect to health care.

Mr. BROWN. I think that is a very interesting question. Quite frankly, I think it can be, in part, related to your first question.

This whole effort that is going to begin immediately after President-elect Clinton is installed is to develop and plan what is good for all Americans. He has taken the approach that we need, based upon the resources and the demands by the people, that all Americans should have some type of health coverage. I think that will be a massive job to accomplish, especially—and I agree with you—we are going to have to do something within the first year or otherwise we will lose our momentum.

I think, however, that given the fact that the VA health-care delivery system, in my judgment, is really a microcosm of our society at-large, we can look at the VA and see many of the strong points that we have, the problems that we have in our society. And we're able to deal with them because it is a much smaller entity.

I think what we need to do immediately after January 21 is to begin to look toward health-care reform. I think one way of doing that, and if we do it right and we do it fast, we do it with a lot of smart people, get a lot of input. That, I think, is going to be one of my strong points. I know there is a lot of debate about the role that service organizations play, but I can tell you now that if I am confirmed, I plan on aggressively inviting service organizations to come to the table because they have a lot to offer. There are a lot of smart folks out there, and any other interested parties that want to contribute toward designing a system that is going to benefit veterans and their families. So we are going to bring everybody to the table in the first place.

The second thing that we need to do is to redesign the system. Obviously, this system is not adequate to take care of the needs of our veterans, nor is it adequate to address the future direction that the country is moving toward.

So once we look at how we're going to reform, even though I'm not locked into the system at this point in time, I would like to think that we can develop a system that basically has two elements to it. One is that we have an element that provides mandatory care to certain groups of veterans. I would define that group as our current category A. We're talking about our service-connected veterans and we're also talking about our poor veterans.

I think the second element will be designing a system that will allow all other veterans to come into the system. We can do that through third-party reimbursements. I think third-party reimbursements should include reimbursements for Medicare, Medicaid, CHAMPUS, private insurance companies, or even directly from an individual person's resources if he wishes to purchase care from the VA.

So by moving in that direction, we are being consistent with Mr. Clinton's vision that we provide care to everyone. I think that we can do that much cheaper than the private sector can. I think that

we can move forward much faster and, if we do it right, that we can serve as a model for the Nation. I am very, very excited about just having the opportunity to play a role in that and be a part of this process.

Chairman ROCKEFELLER. My time is up. I would just comment, as I discussed with you, Mr. Brown, when a number of us met with President-elect Clinton, I made the request of him that when the national health-care reform negotiations were going on—and I think they will be going on for some months, even before a bill is presented—that veterans would be at the table, their views would be listened to and heard. He said that that would happen. Oliver Meadows, as you know, has already met with the transition team and there will be much more to follow.

Senator Murkowski.

Senator MURKOWSKI. Well, that was my first question, Mr. Chairman. [Laughter.]

So it has been answered.

Let me reflect on the current situation with regard to many veterans who are leaving the service as a consequence of budgetary as well as national security interests that have resolved themselves to a large degree, and the obligation of the Department of Veterans Affairs to assist in utilizing the talents of many of these former service personnel by ensuring that somehow there is perhaps a SBA small business program under the VA that would involve the private sector under a guarantee program as opposed to a direct appropriation.

Do you have any plans, or would you be inclined to support the establishment of some type of an SBA program to assist these veterans in establishing themselves in society and businesses and so forth similar to the SBA program as we know it under the small business guarantee? Do you think that is an appropriate addition to the VA service capability, and would you be inclined to look at legislation of that nature?

Mr. BROWN. I am very inclined to look at any proposal that is going to benefit veterans. I am deeply concerned about the impact of 300,000 to 500,000 new veterans coming into the marketplace without the market being able to absorb them. So I believe that it will be my responsibility as Secretary of Veterans Affairs to look at all of the various programs that are available, such as the Transition Assistance Program, TAP, and D-TAP. Also, we need to look very closely at the readjustment programs. I am delighted to say that many of the service organizations are helping with programs that will assist veterans in making that transition from military to civilian life. Likewise, I do agree that I would be very, very happy to look at whether or not a bill such as you talked about would be of assistance. So I would be in favor of looking at such a proposal.

Senator MURKOWSKI. There has been a lot of conversation about the responsibility of the Department of Veterans Affairs for the delivery and management of the nonhealth benefits. The theory has been that we're going to automate the system and that by automating it, we're going to be able to provide more efficient service. Yet, there are others who say that the system itself is inefficient and if you automate an inefficient system, why, you really haven't accomplished much. Do you have any opinions with regard to that?

Do you think that the system needs dramatic change in its delivery, or do you think automation will go a long way to curing some of the inconsistencies that we hear from the veterans?

Mr. BROWN. My personal view on that is that the answer is absolutely yes. The fact of the matter is that when we look at our target system and many of the technologies that we're using to deliver services, they are based upon the late 1960s and early 1970s technology. We need to look at more efficient ways.

I am also very interested in capitalizing on the efficiency that new technology provides. I think that is where we are going to be able to generate and find real savings. Historically, the justification for cutting VBA's budget in some instances, the budget of the health-care account was based upon a so-called productivity game because of an enhancement in technological advances. The fact of the matter is I don't believe that for one moment. It doesn't appear to be borne out by the circumstances because as we began to drain away human resources from the problem, we began to see a parallel decline in timeliness, a parallel decline in backlogs, and so forth.

So the answer to it, Senator Murkowski, is that, yes, we need to look very, very carefully at our modernization program and once we are convinced that that is the direction to go, we should move forward quickly.

Senator MURKOWSKI. It has been said by some that putting an executive that was formerly associated with a service organization in the position as Secretary puts him in a very difficult position because the Secretary is going to have to decide on issues that he formerly lobbied for over a number of years. How do you anticipate reconciling your potential conflicting agendas and positions of the various service organizations? For example, how do you deal with your former colleagues when budget or policy constraints will force you basically to reject the very positions that you have lobbied for in your previous association?

Mr. BROWN. I like to think, first of all, I would have to draw very strongly on my background; that is, on the thing that I can place on the table that you can evaluate here. I believe that I have historically kept faith with the American people. In fact, I almost lost my life carrying out the policies of the American people, which is all right. I have spent 26 years working very hard on behalf of our Nation's veterans. That, I enjoy. I feel in the process that I have made a positive contribution to a very, very special class of people, and that is our Nation's veterans and their families. I do not intend to do anything that is going to jeopardize that. That would be demonstrating bad faith with the American people and I am not going to put myself into that position.

But in addition to that, what we have done, thanks to the efforts of the attorneys that have been assigned to assist me and to the safeguards that have been built into the system, I have signed statements that, No. 1, I will not become involved in any decision where I will be making a decision on my personal claim. In that instance, I will have to recuse myself or I would have to ask for a waiver. No. 2, I have agreed that I will not make any decision that is brought to my attention involving a party or parties by the Disabled American Veterans. In that instance, I will recuse myself.

Chairman ROCKEFELLER. Mr. Brown, excuse me for interrupting. When you said "recuse yourself," you meant from financial or claims meant as they pertain to you, not in general; only those that pertain to you.

Mr. BROWN. That's correct. The Secretary, in my view, if I did that, I would not be able to advocate, for instance, for a COLA for veterans. I don't think that was the intent of the law. For instance, the Secretary of the Treasury or the person that is in charge of Social Security pushing for COLAs in Social Security would have to recuse himself if he is entitled. I don't think that was the intent. The main thing is that there be no personal gain accruing to me as a result of an action that I may take to benefit myself. So in that instance, I have signed a statement that I will not become involved in something like that.

In the other instance, because of my close relationship with the DAV, if an issue is brought to me involving a party or parties, I will have to recuse myself or ask for a waiver.

Those are some of the things that I have done to make sure that the interest of the American people is protected and I plan to enforce them vigorously.

Senator MURKOWSKI. If I may just followup very briefly, because my time is up. But relative to positions that you have taken as an advocate, recognizing that those positions will come in conflict, undoubtedly, with a budget or a policy restriction, very briefly, what is your response to how you are going to walk that tight line, if you will.

Mr. BROWN. I don't think it is a tight line. But let me respond to you in this way. No. 1, I have always responded to the system from the outside. If I am confirmed, I will now be responding to the system from the inside and that response will be based upon my evaluation of the particulars of a given project, of a given objective.

Senator MURKOWSKI. On the merits of the issue.

Mr. BROWN. Absolutely.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you, Senator.

Senator Simpson.

Senator SIMPSON. Mr. Chairman and Mr. Brown, this is going to sound strange, but I think you have to get all of this on the record here because my hunch is that in 18 months when they begin to tear you asunder—and they will; I can promise they will—that you will want to have this material out there.

You said your first duty is to the veterans. But in perception terms, one of your first duties will be to the DAV, and for a very simple reason—because of your compensation from them. Forget the salary, you earned every penny of that. You furnished a financial report. You will either have a pension of \$41,000 a year from them or you will have a lump sum payment from them—not from them but from the insurer for them—of \$960,000. That's almost \$1 million. It will be difficult in the perception of Americans, especially veterans, that if you are being paid nearly \$1 million in a lump sum or \$41,000 a year for the rest of your life, that when the DAV comes out of the Capitol or out of the White House, that you will not be perceived as being beholden to them. That is going to hurt you.

I would like to know how you are going to handle that?

Mr. BROWN. Well, I think you have explained it very, very well. The fact of the matter is, as you so ably pointed out, Senator, that the pension arrangements that we had are totally divested of any influence by the Disabled American Veterans. They have no control whatsoever over the pension arrangements that are made. That is totally administered by an independent entity; namely, Metropolitan Life Insurance.

But let me just clear up a few problems that I have. First of all, it was interesting to read the Washington Post this morning. They had me receiving a pension of \$100,000 a year. The fact of the matter is, as you again so ably pointed out, if I make it to age 50 or 60, I will get about \$41,000 a year, which is about 40 percent of the amount that was reported in the Post.

I feel that \$41,000 a year, which, by the way, is less than half of my salary, which was also put in the Post, the USA Today, less than half of my salary is not an unreasonable amount for a person with 26 years of service and who had the kind of level of responsibility that I have had.

Second, let's talk about those things that I have given up in order to take this job. Not only have I been put in an awkward position because of something that is legitimate, but for every working person in this entire country who has a pension program, someone has to pay into it. The DAV has been paying into my pension program for 26 years so that I could enjoy a \$41,000 pension if, again, I make it to that age.

What I have lost by accepting this position—and again, if I am confirmed; if not confirmed, I may have to go back to DAV and ask them for a job. [Laughter.]

I have lost my health care, health care that I have enjoyed. I am in a situation where I don't have health care. As you suggest, we do have an option of taking a lump sum adjustment. If I select a lump sum adjustment—you remember now, this is all I get for a life's work—it would be somewhere around about one-third less than that, somewhere around maybe \$500,000 or \$600,000. That severs the entire operation here.

Another thing I think is very important to say is that if I should die before I am eligible, all of the numbers that you batted around are meaningless. The money remains with the insurance company.

Senator SIMPSON. Well, I just think it is going to come up. It already has.

Mr. BROWN. I think it has already come up and I hope the points that have been made here—one, to illustrate one basic thing, that whether you are a Federal employee, whether you work in the private sector for a law office and you have a pension plan, someone has to pay for it. A person with my experience, my salary level, the amount of money that I would be entitled to on an annual basis is in my judgment not unreasonable and I think it is consistent with, and probably even below, comparable levels of experience.

Senator SIMPSON. You have done well in your life's work. You have a sizable net worth, which is part of the record, and that's the American way. But in a few months there will be an issue coming before the Congress where the DAV will walk out of the building and say, "We did it; we got it for you." They will trumpet it in their

magazine and others will say, "Well, that's the way it works." And that's not the way you should have to take the slings and arrows of that, because this is a noncontributing pension plan; you have put nothing into that yourself. This is exactly what I address continually in this place as these groups raise money from American citizens at \$10, \$20, \$30—and they have pension plans and 401Ks. And I want to enter into the record the current financial statement of the DAV with regard to the employee pension plan, benefits, and health care so at least the American people will be aware of what a nonprofit organization really can do for those who staff it.

[The material referred to follows:]

DAV BUDGET FIGURES FOR 1991

FUND RAISING AND TAX STATUS

1. Funds for the DAV's national programs are raised through direct mail appeals. In 1991, sources of income were contributions—82%; membership dues—11%; investments—3%; bequests—2%; royalties—2%; and sale of membership items and miscellaneous—1%.

Fund raising costs were 31% of "related contributions"—which totaled \$66.8 million. (The average fund raising costs for a non-profit organization are 15% of related contributions.) "Related contributions" are donations received as a result of fund raising activities.

2. DAV is tax-exempt under section 501(C)(4) of the Internal Revenue Code.

FINANCIAL

1. DAV total income for 1991 was \$70.5 million. As a percentage of this amount, expenses were:

Program services	71%
Fund raising	29%
Management and general	5%

Expenses exceeded income by \$3.75 million or 5% of total income.

Beginning of the year fund balance was \$44.8 million and end of the year fund balance (net worth) was \$34.5 million.

In 1985 the National Commander's salary was \$224,000. Executive salaries ranged from \$81,000 to \$160,000. We are still waiting for the DAV to provide us with the current information regarding executive salaries.

Senator SIMPSON. You have been a faithful employee. You have done the work. I have watched you commit yourself to the veterans. In a way, since you are the first one that ever came out of the ranks of the veterans groups, the attention and the surveillance of you will be total. I hope and pray, and I mean this, that it does not deter you from what you are going to do. You have talked about what you are going to do with issues like rural health care, eligibility, and joint facilities. These are things I believe in. I am just saying I would get it all out there now so that when they just blast away on you, and they will, you will be able to say that was all handled, every bit of it was handled back in the January days when I took on this duty with President Clinton.

Mr. BROWN. Senator Simpson, I do hope that your observations are sincere and that you really wish me well. I accept your statement as that. You made a number of points that I would like to respond to.

First, you talked about my net worth. I don't apologize for that. As you mentioned, this is America. And I think it speaks to this country that a person with my background from the streets of Chicago can take advantages of the resources. And that is what this

is all about. This is what the Clinton administration is all about, is bringing people the opportunity to move forward. So I don't apologize for that.

With respect to my relationship with the DAV, the fact of the matter is that if it had not been for the DAV, I would not be sitting here today. The DAV was the one, when I was laying up there in the hospital in Great Lakes, Illinois for a year, they were the ones who came around and talked with me and filed my claims and then offered me a job. They offered me an opportunity to make a contribution, to continue to make a contribution to my country. And, sir, I will never, ever apologize for that.

Senator SIMPSON. That's not what I'm speaking of, Mr. Brown, and I think we both are aware of that. Your service to your country and these things are not in question. They have nothing to do with this issue. I do wish you well. But it will be important that rather than relying on this remarkable record of service, you are going to have to rely on what is going to happen to you with regard to perception. That is what I am saying.

Chairman ROCKEFELLER. Mr. Brown, before I call on Senator Specter, in matters of perception, I would suggest in your next life when you appear on the earth, rather than working as a cook and being born in the streets of Chicago and working your way all your life, do it the way I did—just inherit a lot of money. [Laughter.]

Senator Specter.

Senator SPECTER. Mr. Brown, I feel a little left out that Senator Rockefeller didn't make that recommendation to me. [Laughter.]

I would like to be included.

With respect to the budget of the VA, Mr. Brown, you and I talked about that yesterday. I encourage you, for the record, to examine it very carefully to see what you think of it in terms of adequacy because assuming confirmation, that will be your responsibility.

As we discussed yesterday, and I would like to put on the record, what you would propose to do if you were dissatisfied with the budget which is approved by the Office of Management and Budget, if you feel that budget is inadequate to take care of the needs of America's veterans. What would your course be, assuming confirmation?

Mr. BROWN. Senator Specter, I would not hesitate one moment of taking my appeal directly to the President. I believe he will expect me to do that and I will not disappoint him, nor will I disappoint the people who I feel that I represent in this Nation, the 27 million veterans.

Senator SPECTER. If you do not get what you think is necessary for the veterans of America, would you be willing to come to the Members of this Committee to tell us about your concerns and look for some help from the U.S. Senate?

Mr. BROWN. I will be a member of the President's team. We will be working very, very hard to resolve the matter. Based upon the resolution that is made by him, we will attempt to move forward on the decisions that he makes.

Senator SPECTER. Well, I understand that to be a no answer. An answer of no. I respect that. I ask the question to raise the issue and I would ask you to give some consideration to how some of us

might be helpful. The Chairman, some of the rest of us, might be helpful to you if you face that kind of an impasse. Things can be done discreetly and some assistance may be available to you.

Last year, Mr. Brown, there was quite a controversy when there was a proposal by the VA and the Department of Health and Human Services without congressional authority to admit non-veterans to two veterans hospitals. A number of us opposed that and Senator Shelby and I offered an amendment and received a floor vote of 91 to 3 in opposition to that proposal. I would be interested in your opinion, your judgment, as to whether you would favor admitting nonveterans to VA hospitals.

Mr. BROWN. I agree with the Senate.

Senator SPECTER. Eloquently, succinctly stated. [Laughter.]

Mr. Brown, you and I talked about your travels. I, for the record, would encourage you to be a Secretary who sees what is going on. I make it a practice, I think all Senators do, to be very active in visiting the facilities like VA hospitals in our States. I had invited you to come to Pennsylvania; we have a tremendous number of needs. I would like to ask you now for the record if we can prevail upon you to come see some of our installations during the course of your secretaryship, assuming confirmation?

Mr. BROWN. Well, if you vote for me, Senator Specter, you are going to find that I am going to be very sensitive to your request. [Laughter.]

Senator SPECTER. And if I don't vote for you? [Laughter.]

Mr. BROWN. Where is Pennsylvania? [Laughter.]

Senator SPECTER. It is close enough to be very much in touch with you on your next budget request. [Laughter.]

What do you conceive, Mr. Brown, to be the most pressing current need for the veterans of America that can be responded to by the Department of Veterans Affairs?

Mr. BROWN. I would like to just kind of briefly prioritize them, if I may, Senator Specter. One, I think it is the budget. If we look at the budget historically, we will find that the VA has been operating for the last 25 years off a straight line budget, acknowledging the fact that we have received, due to the efforts of Secretary Derwinski, \$1 billion over the last 3 or 4 years. But when you back out the straight line, when you factor in payroll adjustment costs, you factor in COLAs, and you factor in the effect of Gramm-Rudman, and you factor in the effect of OBRA where we will lose close to \$4 billion by 1995, it is clear that the VA has not made gains. We are now seeing it with the deterioration in some instances in our health-care delivery system and also in the Veterans Benefits Administration. So, first, obviously we need to look very, very closely at the resources that we need if we are going to be committed to the VA as we know it today.

Second, we need to do something with health-care reform. We can no longer continue to fund a system that is inadequate, not responding to the needs of our present veterans. And the only way to do that is to jump on Mr. Clinton's vision for the country and expand the system and do it in a way that is cost-effective, that it can basically pay for itself.

The third thing that we need to look at is eligibility reform. It makes no sense to reform the system if you are still going to parcel

out bits and pieces of medical treatment. The whole concept of universal health care is to provide medical care, comprehensive, quality medical care with easy access to our people—in this instance we're talking about the veterans and then, ultimately, all the people in the Nation.

And then again, as I mentioned, we are of course very, very concerned about the efficiency in which we deliver the benefits and services through VBA.

Senator SPECTER. My time is up so I will conclude by thanking you. Senator Hatfield has scheduled a meeting for the Appropriations Committee Republican side for 11 a.m., so I cannot stay longer. But I will follow the record.

I like the way you handled yourself, Mr. Brown. I think that direct responses and tenacity and the forthrightness in the assertion of your position is very important. You are going to have a tough job, assuming confirmation, and you are going to have to do a lot of fighting with OMB and perhaps with the President and definitely with some Senators. [Laughter.]

I think you are up to it. Just stick right to the facts. I am one of the people in this town who believe that the facts make the decisions. Nobody is entitled to his own set of facts and the facts will prevail.

I would ask, Mr. Chairman, unanimous consent that the full text of my statement be included in record at the conclusion of my extemporaneous opening comments.

Thank you. Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Without objection, your prepared statement will appear in the record.

Chairman ROCKEFELLER. Senator Murkowski.

Senator MURKOWSKI. Mr. Chairman, I would ask unanimous consent that an editorial in the Washington Post of Tuesday, December 29, entitled "Mr. Clinton on Veterans Benefits" be placed in the record.

Chairman ROCKEFELLER. Without objection, the editorial will be included in the record.

[The Washington Post editorial follows:]

[From the Washington Post, Dec. 29, 1992]

MR. CLINTON ON VETERANS' BENEFITS

The Government now spends about \$35 billion a year on veterans' benefits. Not all the expenditure makes sense. Some benefits are excessive, other inadequate or poorly matched to emerging needs. A particular question exists as to the best future use of the sprawling veterans' health care system—mostly traditional general hospitals—as the veteran population ages and declines in size, and amid the nation's other pressing health care needs.

The Bush administration in the person of former veterans' affairs Secretary Edward Derwinski—before both he and his policies were sacrificed to the veterans' groups in the presidential campaign—tried in several minor ways to begin the process of reform. Among other things, Mr. Derwinski proposed to help some underused veterans' health care facilities survive by opening them on a limited basis for a fee to needy non-veterans. Mostly the efforts were shot down by the protective veterans' lobby and veterans' committees in Congress. Now, however, President-elect Clinton has indicated that he may take up the cause as well.

Mr. Clinton earlier this month appointed a strong traditional veterans' advocate, Jesse Brown, executive director of Disabled American Veterans, as secretary of veterans' affairs. The appointment was widely read as a concession to veterans' groups, whom Mr. Clinton has also courted (in part on the issue of his draft record) in the

campaign. He was therefore asked how such a staunch advocate could be expected "capably [to] run a department in which he must look at both sides of questions."

His response was, first, that the chemistry would likelier run the other way, that Mr. Brown as advocate stood a better chance of bringing along the advocacy groups than would someone without his history. "The veterans' groups . . . over the last four years have felt simply shut out . . . as if they were totally irrelevant except when election time came around and somebody wanted to run up the flag," Mr. Clinton said.

And to what end might Mr. Brown consult with his former fellow advocates? "The big, looming issue in veterans' affairs today is the health care network. It's the biggest public health system in the United States. It's in terrible trouble financially, and in order to make it work, there has to be some significant reform. And we can keep doing what we're doing now, which is to sort of gradually bleed it dry . . . or we can have a serious attempt at eligibility reform and restructuring" in an effort to make the system "work at lower cost [while] serving far more people. That's what I think we ought to do."

We'll have to see what "serious . . . eligibility reform and restructuring" turn out to mean. But it sure doesn't *sound* concessional. Maybe these serious issues will finally get the attention at the presidential level that they deserve.

Senator MURKOWSKI. And an extended statement by myself on behalf of some of the other Members of the minority who are not here, I would ask that that be included.

Chairman ROCKEFELLER. Without objection, your statement will also be included in the record.

Senator MURKOWSKI. And I want to wish you well, Mr. Brown. Unfortunately, I have an airplane to catch and it is a long way up to the North country. So we will look forward to working with you.

I believe you scheduled a vote on the 19th, Mr. Chairman.

Chairman ROCKEFELLER. On the 19th. And I again remind Members, if you have further questions, make sure that they are to our nominee by the 12th. And then to you, Mr. Brown, to return those to us by January 15 so that Members can have a chance to read the answers. And then the vote will come on January 19.

Mr. Brown, the question of long-term care. We have really got ourselves a problem. Veterans are aging much more rapidly—29 percent of them are already over 65; that is going to keep going up. The whole question of long-term care is really a much more expensive question in terms of our national health-care situation than even access to health care. Access to health care, back when we were doing the Pepper Commission, was a \$24–\$25 billion problem. Long-term care back then was \$40–\$45 billion, and that was 2 or 3 years ago and that was on a national situation.

I think that in a variety of areas that the VA system has a lot to teach to our national health-care system, however that reform works, and I look forward to that. There is some superb research being done in the VA health-care system. It is a very interesting fact to me that a very large proportion of doctors, physicians get their training at our VA hospitals. So there is already built in quite a deep understanding of our VA health-care system by a lot of our Nation's physicians. The question is, what are we teaching them? Are we giving them extra training that they are going to have to have for their careers?

In any event, we do have this massive crisis coming up and long-term care is going to be a part of it. I am hopeful that on the national level we will be able to make inroads into long-term care. I am absolutely dead flat determined that we do a better job in our veterans health-care system on that.

We do need them also for younger veterans. It is not just older veterans who need long-term care. In terms of rehabilitation, psychiatry, and a lot of other fields, our younger veterans need long-term health care. In fact, there is a great misunderstanding about long-term health care in general. Nationally, probably close to 40 percent of all long-term health-care needs are taken by people that are younger than 65 years old, the remaining 60 percent by those that are 65 or older. So it's a very big problem. I have written you a number of questions about it and you've responded to them.

There is one particular matter of concern to me in that in our last session of Congress, Senator Graham and Senator Cranston, our distinguished former Chairman, we put in a bill that would try to improve hospice care. It didn't pass; it was not enacted. I regret that very much. I think the area of hospice care, alternative forms of long-term care, home health care, a variety of the things that the VA is doing and that the VA could be doing more of. I would, one, like to have your commitment, if you are willing to give it, that you will help us in this matter of hospice care, a continuum of care including hospice care, and any thoughts you might have on the VA system and the long-term health-care problem.

Mr. BROWN. I tend to basically agree with your general characterization of the need for long-term care. I think, however, that it will be addressed if we move forward on eligibility and health-care reform because they are part of the entire concept. If we are talking about providing comprehensive medical care to the people that we treat or a full continuum of care to the people that we treat, you cannot disassociate the need of long-term care, including hospice care, from that.

Obviously, I don't know anything about your bill and therefore I cannot commit to it. But what I will commit to is that I will look very, very closely at it and will move forward with an evaluation of it as soon as I am confirmed.

Chairman ROCKEFELLER. In fact, long-term care is not by definition included in everybody's definition of what now constitutes national health-care reform. As I indicated, it's going to be my intention to make sure that long-term care is included as much as possible. But quite honestly, most legislators and health-care policy folks, when they are talking health-care reform, they are talking about people that don't have health insurance. They are talking about access to health care. Most of them aren't at this point talking about long-term care. Bill Clinton is and I believe he means to do something about it. But the problem is that it is possible to have national health-care reform that only relates to those who don't have health-care coverage and cost containment and all kinds of things like that and not do long-term care. That's one of the things I worry about and that's one of the things that President-elect Clinton is worried about and you, clearly, are too.

You mentioned eligibility reform and the impact on national health reform on the VA. That is a very important matter and I want to pursue that with you. Equally important is this question of eligibility for VA health-care services. There is a widespread agreement that we have to have it but not a widespread agreement as to how we have to do it. In your responses to my prehearing questions, you indicated, "that the American Veterans Health-Care

Reform Act of 1992 represents a very good starting point for further discussions regarding eligibility reform." Now that legislation posits the establishment of what is referred to as a core group of veterans who should be entitled to a fixed set of health-care services. I would like to know, only to the extent that you care to comment, which veterans you believe should be included in the "core" group of veterans that are entitled to the VA health-care services, and what views you might have regarding the scope of services that VA should provide to this core group of veterans?

Mr. BROWN. The group that I feel that we are talking about there are your current category A veterans. They are your service-connected veterans and your veterans that are basically on pension or that fall within a certain income limitation. The ones that we are providing medical care to now that are eligible by law to receive medical care, mandatory care. It would be my thought that they would be entitled to a full continuum of care. Now, when I say full continuum of care, I am talking about everything they need, including long-term nursing home care if that is what they need, to include hospice care, everything. That is my general concept as a basis to start discussing exactly what direction we should be moving toward.

Chairman ROCKEFELLER. Good, Mr. Brown. I will have one more question of you then I will have more that I will send you. I am, and you and I discussed this together in private, enormously interested in the whole question of PTSD, the post-traumatic stress disorder. It is well known that there are close to half a million Vietnam veterans that are suffering from this. It's not so well known but it seems to be increasingly documented that there are quite a number of Korean and World War II veterans that have been suffering from PTSD and the world doesn't know it.

That whole question interests me profoundly and I think there is an enormous moral obligation on the part of the country. If you have people who have served their country who are going around with things bottled up inside of them which are simply tearing them apart and you aren't able, as a Government or as a VA system or as a Congress, to find a way to reach into that person and let some of that release take place, however that best form might be, I think that is a profound moral obligation on the part of this country. To be quite honest with you, I'm not actually asking a question, you can comment whatever you want to afterwards, I don't think that necessarily all the so-called usual standard methods of doing that are necessarily the only ones that can be used. I am very interested in alternative forms of how it is that you can let out some of this release, some of this anger, some of this guilt if it is there, some of this rage, whatever it is that is eating these people inside out to a greater or lesser extent. I think we have to find a way to do that and I would be glad to hear any comments you have on that.

Mr. BROWN. I agree with you. I agree with you, Senator.

Chairman ROCKEFELLER. I just don't think we are nearly aggressive enough in this country and I think there is no reason for it. I think even if you just look at it from a financial point of view, I think it is fiscally cost-efficient. I mean, to have ticking time bombs walking around, much less miserable people, you are run-

ning into all kinds of social problems or nonproductive or productive citizen problems quite apart from the human factor and the moral covenant factor that I spoke of earlier.

I am going to stop my questioning there. I have two witnesses that I am going to call after you. I want to say that I think you have, as I fully expected, presented yourself superbly. I think you were terrific in the way you answered all the questions and I include in that the financial questions. I like the way you answered those financial questions. We are not talking about taxpayers' money; we're talking about DAV money. Met Life controls all of that. You don't, DAV doesn't. I like the way you answered the veterans questions. In my own personal conversations with you, which is always better than this kind of discourse, I felt a great sense of pride on your part about the opportunity to have this leadership responsibility to do something for so many of your fellow countrymen.

I think you are going to find, as we discussed, that it is going to be a very tough job because our budget deficit keeps getting bigger. You know, there is a fellow named Leon Panetta over at OMB that you are going to get to know pretty well and he's interested in budget deficit reduction and so is President-elect Clinton. So all the dreams that you and I have, and other Committee Members on both sides of the aisle have, are ones that are going to have to be fought for. We're not going to get them all at once and it may be that some of them we just never get. But we'll fight for them together and, just speaking as a new and very proud Chairman trying to follow in Senator Cranston's footsteps, I feel very proud to support you. From the tenor of conversation that I heard around the table, I think you are going to get a lot of support, you are going to be confirmed, and you will be Secretary. And I feel very good about that, Mr. Brown, and I believe that you and Silvia, Scott, and Carmen probably do, too. So I thank you very, very much.

Mr. BROWN. Thank you so much, Senator, for your support and I look forward to working with you.

Chairman ROCKEFELLER. Thank you, sir.

Before I call our next witnesses, Senator Daschle asked that I indicate that he is very, very sorry that he is not here. He is in South Dakota where he had to be for a series of meetings that he is having out there and that he will have some questions.

What I would like to do now is welcome Mr. Charles E. Joeckel, Butch, who is the National Adjutant of Disabled American Veterans and who is accompanied by Mr. Joseph C. Zengerle, the National Commander of the Disabled American Veterans. I enjoyed the chance to meet with you yesterday, Butch, and I look forward to working very closely with you.

Butch Joeckel, maybe you could go first. I would like again to keep the 5 minute rule. It didn't work very well this morning because the Committee hasn't had very much practice on that, but if you could keep your comments as short as possible. On the other hand, I want to hear what you have to say. We welcome both of you.

STATEMENT OF CHARLES E. JOECKEL, JR., NATIONAL ADJUTANT, DISABLED AMERICAN VETERANS, ACCOMPANIED BY JOSEPH C. ZENGERLE, NATIONAL COMMANDER

Mr. JOECKEL. Thank you Mr. Chairman. It is good to be here and it was a pleasure to meet with you yesterday. I was going to remark that I would like to submit my full text for the record and summarize, as is the tradition. I have been here a couple of times before. I am disappointed my friend Alan Simpson had to leave. I've known him since he came to the Senate in 1978 and it's likely he's known me since 1978.

With me today is our National Commander, Joe Zengerle. Joe's represented DAV as counsel before the Supreme Court on all kinds of matters involving personnel, constitutional law, as well as drafting legislation. So you will get to know and hear from Joe in a few minutes.

I would like to point out that I have to disagree with Senator Simpson's remark that Jesse Brown could not pass the veterans' organizations purity test. We think he is pretty pure. There is a lot of concern being aroused here about his relationship with DAV or other veterans' organizations, and I dare say, Mr. Chairman, that all the veterans' organizations being represented here today couldn't agree more with what Jesse Brown had to say and he is likely to enjoy that for quite a long period of time.

For the past several weeks I've contemplated over just what I would say at this moment. I've known Jesse Brown since the first day of my employment in 1974 with the DAV. He was my first boss and I was his last boss there. He's been a tutor, a mentor, a confidant, and a friend.

As you probably would surmise, I appear here today on behalf of the DAV to support the nomination and confirmation of Jesse Brown as Secretary of Veterans Affairs. This is the first time in the history of the DAV that we have taken such a stand on any nominee for any Cabinet post.

I would like to set the record straight and clearly for Jesse with respect to his pension plan or our pension plan. With your permission, Mr. Chairman, I would like to submit for the record a statement produced by our office in Cincinnati, Ohio that clearly defines the separation between DAV, the pension plan, and now Jesse Brown.

Chairman ROCKEFELLER. Your full statement and the particular plan that you now refer to will be included in the record.

[The prepared statement of Mr. Joeckel and the pension plan statement appears on pp. 49 and 51.]

Mr. JOECKEL. Much controversy has been made just of late about DAV retirement benefits. Ours is not a contributory plan but our salaries are lower as well. Many of our employees are here in the room with me today and I'm sure that they will agree with me. [Laughter.]

To do Jesse Brown's job at DAV you would have to at least be an Assistant Secretary of VA in some manner, if not Deputy. His salary does not reflect that of a comparable Government employee. Neither do the salaries of any of our employees in the DAV. In fact, our average salary around the country on professional staff is \$33,000.

You will note in my full text that I recount a particular claim of a widow seeking benefits from the VA that Jesse pursued. This is only one of the thousands of cases which Jesse Brown tenaciously pursued to ensure that the veterans got a fair shake. Not only in perfecting claims for veterans, but he has pursued as well and assisted veterans in getting hospital care, outpatient care, nursing home care, vocational rehabilitation, education, and every other benefit that the VA provides. He is that kind of man.

What about his qualifications to be Secretary of Veterans Affairs? Well, who is better qualified than one who is a combat disabled veteran, experienced personally VA's system of benefits like vocational rehabilitation, hospital care, compensation, one who has experienced and seen first hand every aspect of the Department he is to head, one who is a respected leader in the veterans community, one who has dedicated his entire life to serving his fellow veterans? Beyond that, Mr. Chairman, it is no secret that he is an expert on title 38, well known throughout the VA community and has plenty of friends up here on Capitol Hill. We've been saying all along that we needed a leader at the Department and we've got one. If we can't get it done now, we never will.

Many of us in this room are here today because in one fashion or another our lives have been touched by Jesse Brown. We all are better off for it. Our loss at DAV is the Government's gain at the Department of Veterans Affairs.

Thank you, Mr. Chairman.

Chairman ROCKEFELLER. Thank you very, very much.

National Commander Zengerle, we would be very happy to hear from you, sir.

Mr. ZENGERLE. Thank you, Mr. Chairman. I only have a few points to make. With one modest possible exception, I feel to some degree like I'm preaching to the choir.

The first comment I would like to make is as a former member of the infantry branch of the U.S. Army. We heard a lot from Senator Robb and Senator Warner and other Members of the Committee about the Marine Corps. Butch Joeckel is a former member of the Marine Corps although I know they don't like to be called "former" members. As a former member of the infantry branch of the U.S. Army, or might I say notwithstanding that, I am delighted to be here in support of the President's nomination of Jesse Brown to be Secretary of Veterans Affairs on behalf of the 1.2 million members of the Disabled American Veterans.

I know Jesse Brown from a number of aspects and past experience. I would speak to two of those aspects. The first is as National Commander of our membership. There is a very special quality to the nomination of Jesse Brown. The core concern of VA in the United States is caring for the citizen soldier who has a wartime service-connected disability. Jesse Brown exemplifies in person that core concern of Veterans Affairs in the United States, and he is a brilliant example of someone who, as has been said, rose from the ranks to be where he is today. As a result, I believe he has a unique credibility among all veterans in the country and their families to speak on their behalf, on the President's behalf, and before this body and the House of Representatives.

I think our membership is extremely proud that it could produce a citizen soldier, a former marine corporal as Secretary of Veterans Affairs. I think they will have great confidence in his judgment, in his policy determinations, and in his advocacy of their interests before the U.S. Government. Perhaps as important as anything, Oliver Wendell Holmes once said we lived by symbols, Jesse Brown is a symbol. I think the power of his symbol as it reaches out to all disabled veterans and all veterans of the United States will be uplifting. It will be a wonderful thing for people to know in this country. And so from the standpoint of our membership and from all veterans in this country, Jesse Brown's appointment and his confirmation by this body will be seen as a signal that will lift the hearts of many, many people in this great land.

The other aspect in which I know Jesse Brown is as counsel for DAV for the last decade. I might say that in thinking back on Jesse's impact and reputation among our members and other veterans, he brings a presumption of validity to whatever he would do, but as a lawyer, I would say certainly as advocate for DAV, it is a rebuttable presumption. As a lawyer, I have gotten to know quite closely Jesse's fierce independence of mind and, perhaps more important, because we have dealt with very technical matters with respect to title 38 provisions in the United States Code and in the Federal regulations dealing with all sorts of veterans programs, I have had a firsthand, intimate, year long opportunity to see demonstrated his penetrating analytical power in dealing with claims representation and other matters.

Early it was said, Senator, by you that in conversation with Jesse he said he didn't have much education, and the fancy degrees were dismissed because of his experience as a human being. A person of his power of mind doesn't need a formal education. He has such intensity and intelligence and resourceful innovative approach to problems that one would not consider for a moment that he did not have the advanced degrees that so many folks in this country would like to have.

I think that these characteristics that he brings to the job, notwithstanding his Marine Corps background, make him not only wonderful for veterans as an advocate in the Government but make him, indeed, a national asset for the United States.

Thank you Mr. Chairman.

Chairman ROCKEFELLER. That was a very powerful statement, Commander Zengerle, and I agree with every single word of it.

Gentlemen, I thank both of you. I have no questions for you. You're being here I'm sure meant a lot to Jesse Brown. It certainly means a lot to those of us on the Committee.

I want, as a final administrative matter before I dismiss this hearing, to just make a statement here that relates to continuing this Committee's adherence to the highest ethical standards. With specific reference to the confirmation proceedings related to Jesse Brown, I am committed to a rigorous, fair, and unbiased examination of Mr. Brown's justifications and qualifications for this most important position. Just as importantly, I believe that there must be public confidence that these proceedings involve this kind of testing that you heard I believe in some of the questions this morning.

I realize in this connection that in addition to the Presidential transition, our Committee is experiencing a transition in the Chairmanship and that some members of the staff, that is staff of the Veteran's Committee, may be seeking opportunities for employment in the Department of Veterans Affairs itself. To ensure fairness and to ensure impartiality in the Brown confirmation proceedings, I therefore sent a memo to all staff of the Veteran's Committee yesterday directing that during the pendency of the Committee's work on this matter staff members refrain from significant employment negotiations with the Presidential transition team or the Secretary-designate with regard to employment at the VA.

I also asked any of the staff who believe that they may have had significant employment contacts regarding a position at VA to notify me of those contacts that I might make a decision regarding their involvement in our Committee's work with respect to this confirmation. After reviewing the responses, I have decided, consistent with guidance from the Ethics Committee, that one member of the Committee staff, the Staff Director should be recused from any involvement with the confirmation process. That has been done, confirming his recusal of himself as of a week ago.

As to the other staff members, I have determined that their prior contacts regarding a position at VA are not sufficient to bar their involvement in this process. However, all staff are on notice that should there be any additional contact between them and anyone associated with the transition office or the Secretary-designate regarding future employment, they are to notify me of that immediately. I say that for the record.

This has been an excellent hearing. Thank you, Jesse Brown. Thank you, all of you.

This hearing is adjourned.

[Whereupon, at 11:23 a.m., the Committee adjourned, to reconvene at the call of the Chair.]

APPENDIX

PREPARED STATEMENT OF CHAIRMAN JOHN D. ROCKEFELLER IV

Good morning. The Committee will please come to order. This is a hearing to consider the confirmation of Jesse Brown as the Secretary of Veterans Affairs. Jesse, it is a true pleasure for me, in my new role as temporary—and soon, I trust, permanent—Chairman of this Committee, to welcome you, your wife Sylvia, and your son Scott here today. I offer you my sincere congratulations on your nomination to serve in this tremendously important position.

President-elect Clinton's promise to appoint a person to serve as Secretary "for" Veterans Affairs has been amply fulfilled in my view with his selection of Jesse Brown.

Jesse Brown's 25-year career as an advocate for veterans reflects a deep-seated commitment to ensuring that the Government fulfills its fundamental obligation to those who have defended our country in times of war and peace. He is truly a veteran's veteran—a decorated combat Marine who experienced great personal hardship in Vietnam.

He then returned to devote his entire adult life to helping his fellow veterans secure adequate health care, get a fair shake from the Government, provide for their families and survivors, and overcome the physical and mental injuries that are, tragically, so often related to military service.

It is a long way from the Chicago regional office, where Jesse Brown first began his career of service to veterans as a DAV national service officer, to the Secretary of Veterans Affairs. Every step that Jesse Brown has taken on that road has been marked by principled hard work, unwavering commitment, and excellence. He embodies the noble concepts of which we so often speak in this Committee—patriotism, heroism, service to country, and honoring the fundamental obligation this Nation owes to veterans. Through his distinguished career with the DAV, Mr. Brown excelled in each position he occupied and advanced to the position of Executive Director. He earned the reputation as an incredibly hard worker, effective and compassionate advocate, clear thinker, and dynamic and hardworking manager and leader. In addition to his strong record of accomplishment within that organization, Mr. Brown has been active in many other volunteer and public service endeavors.

This hearing gives the Committee an opportunity to learn Mr. Brown's views on the enormous challenges that face the next Secretary of Veterans Affairs and the Administration that he will serve, and the manner in which he proposes to address them. I had the honor and privilege of meeting with Mr. Brown on Monday, and was very pleased to learn that we share the strong desire to work in a truly open and bipartisan way on the many issues of importance to veterans. I am hopeful that all members of the Committee and the public are able to get a sense from this hearing of Mr. Brown's commitment to making the Department of Veterans Affairs more productive and efficient, in the interest of veterans and all Americans. As he emphasized to me, we will achieve the best results if we tackle the many issues ahead of us fairly, honestly, and in a bipartisan manner.

To close, I note that Mr. Brown has completed the Committee's questionnaire for Presidential nominees which will be printed in the hearing record, along with his responses to my numerous prehearing questions and a letter from the Office of Government Ethics to the effect that he is in compliance with applicable law and regulations governing conflicts of interest. All of Mr. Brown's published writings have been reviewed by Committee staff, who have also spoken with many individuals who have worked with Mr. Brown. I have reviewed the FBI report and have found no bar to his confirmation and expect to give my strong support to his nomination.

Finally, Jesse, I want to say that many aspects of your background should serve you well in the Cabinet position for which you've been nominated. In fact, I imagine that some of your Marine training will apply in this new job—surround yourself

with good people, keep your eyes and ears open, and be ready for anything. I wish you the very best, and commend you for a fine record. I look forward to your leadership in the important months and years ahead.

PREPARED STATEMENT OF SENATOR STROM THURMOND

Mr. Chairman, it is a pleasure to be here this morning. I want to join the Chairman and the Members of the Veterans' Affairs Committee in extending a warm welcome to Secretary-nominee Jesse Brown. I am pleased that President-elect Clinton has chosen a person of such experience and ability for the position of Secretary of the Department of Veterans' Affairs.

Mr. Chairman, Mr. Brown served in the United States Marine Corps from 1963 to 1966. While serving his country, Jesse Brown was wounded in combat duty in Vietnam and received the Purple Heart.

Mr. Brown has served as a member of the Chicago Mayor's Committee on Employment of the Handicapped. Since 1967, he has also served as an officer of the Disabled American Veterans. Mr. Brown achieved the status of Executive Director of the Disabled American Veterans in 1988 and continued in that capacity until January 5 of this year.

Mr. Brown, I have enjoyed many of your articles in the DAV monthly magazine. I have also enjoyed many of your previous presentations before this Committee as a representative of the Disabled American Veterans.

Mr. Chairman, I have met with Mr. Brown and we have discussed his duties as the Secretary of Veterans Affairs. I believe Mr. Brown is a man of integrity, honor and ability. I support the nomination of Jesse Brown as the Secretary of Veterans Affairs, and I look forward to working with him upon his confirmation.

Thank you Mr. Chairman. At this time, I must leave to attend the nomination proceedings in the Armed Services Committee.

PREPARED STATEMENT OF SENATOR JOHN WARNER

Mr. Chairman and members of the Committee on Veterans' Affairs, I am pleased to introduce to the Committee Mr. Jesse Brown of Warrenton, Virginia who has been nominated to be the Secretary of Veterans Affairs.

Mr. Brown currently serves as Executive Director of the Disabled American Veterans and has held this honorable position since 1988. His commitment to this organization is truly remarkable with 25 years of service, where he has performed various duties throughout the ranks from the entry position of Associate National Service Officer to his current position as Director.

Jesse Brown is, himself, a veteran. Before his involvement with the DAV, Mr. Brown served our Nation in the United States Marine Corps from 1963-1966. As a fellow Marine, I greatly admire his courage and patriotism, which have been recognized by Mr. Brown having been awarded the Purple Heart.

Mr. Brown was born March 27, 1944 in Detroit, Michigan. He holds an Associate Degree with honors from Chicago City College, and attended Roosevelt University.

Mr. Jesse Brown is married to Mrs. Sylvia Lynette Brown and has two grown children, Carmen Stewart, age 23 and N'Gai Scott, age 20.

Mr. Chairman, I leave you with this thought. Jesse Brown's entire adult life has been dedicated to the cause of veterans' rights. He has been driven by passion to serve this cause. Through his personal struggles as a disabled veteran, and in his capacity as a servant working in the DAV for 25 years, Mr. Brown offers a truly unique perspective into the issues that face all of our Nation's veterans. Jesse Brown will be faced with the difficult task of balancing the needs of our Nation's 28 million veterans as President-elect Clinton and his administration attempt to bring the growing deficit under control. However, I am confident Jesse Brown will make the system work for each and every veteran, and in the words of President Abraham Lincoln, "strive on to finish the work we are in; to bind up the Nation's wounds; to care for him who shall have borne the battle, and for his widow, and his orphan."

PREPARED STATEMENT OF SENATOR FRANK H. MURKOWSKI

Good morning, and thank you Chairman Rockefeller.

I am pleased to be the first to use the words "Chairman Rockefeller" for the record.

I look forward to working closely with you and I believe that bipartisan cooperation will continue to be our Committee's hallmark. Veterans served our Nation as Americans, not as Republicans or Democrats, and I am confident that the Committee will continue to serve American's veterans on the same basis.

I also commend Senator Specter for his fine leadership as Ranking Republican Member during the last Congress. I will continue in the same spirit of responsiveness to the concerns of the Republican Members of the Committee.

Most of all, I am pleased to welcome Mr. Jesse Brown and his family to our Committee room. Mr. Brown is no stranger to the Committee or to this room. He has written a long and distinguished record of service to our country. The honor of appearing before the Committee as a nominee for the office of Secretary of Veterans Affairs is an earned one.

A combat wounded Marine, Jesse Brown hears America's veterans with ears that only someone who has also heard incoming rounds can claim.

A disabled veterans, he has seen VA with eyes that only a patient and a beneficiary can possess.

A skilled and knowledgeable expert on veterans' issues, Jesse Brown won't have to hit the ground running. He has been at full speed for over two decades.

I have no doubt that Jesse Brown rose to the top of the DAV through a unique combination of expertise, energy, and empathy. The DAV is a fine service organization giving much of itself, in both money and effort, on behalf of our Nation's veterans. The veterans' memorial now rising in Wasilla, Alaska, in large measure because of DAV, is but one example of the reach and scope of that fine organization.

Mr. Brown, as Secretary of Veterans Affairs, you will face enormous challenges. You will have to make difficult decisions, some of them at odds with the positions of veterans' service organizations, including the DAV.

I trust that you will be willing to grapple with the tough issues involved in providing veterans with quality care and benefits; that you will provide VA with the leadership to make efficiency and effectiveness the watchword of a \$35 billion, 240,000 person Department.

I also trust that you will be able to keep in mind your responsibilities to the American taxpayers. They were the beneficiaries when our Nation called its young men and women into uniform. They now provide the resources we commit to our former service members as veterans.

This year, health care reform will be near the top of the Congressional agenda. It is vitally important that this Committee, and VA, participate in the debate and resolution of this issue.

We must ensure that VA, and veterans, are not forgotten in the rush to reform. The Congress must fully understand the priceless national asset VA represents. And VA must join in by vigorously and aggressively asserting itself in the debate to come by, among other things, emphasizing the areas of strength where VA has carved out niches of genuine excellence, and by focusing on the often unique needs of its patient base.

The Committee must identify and reinforce programs where VA offers unique capabilities. We must also be frank in identifying and mitigating VA's shortcomings. VA must continue to move toward greater emphasis on strengths (such as spinal cord injury care, rehabilitation medicine, mental health care, and geriatric medicine) and create "centers of excellence" as a focus of treatment. VA must emphasize, in treatment and in medical research, the needs of its patient population. And VA must continue to progress toward greater reliance on non-institutional care, and broaden its concept of care to include a complete continuum of services including ambulatory care, preventive care, and hospice care.

Finally, VA must build on the health care management initiatives now in force. It must organize the provision of health care services based on geographic service areas, and eliminate inefficient redundancies. VA must break through bureaucratic barriers and foster improved communication and information-sharing within VA, and with organizations outside the Department such as the Department of Defense.

VA has embarked on a journey towards customer based standards of quality. This journey is sometimes called Total Quality Management (TQM) or, within VHA, TQI. What is important is neither the name nor initials. What is important is the culture of constant quality improvement towards a customer based standard of excellence.

Mr. Brown, that culture of quality can only thrive with the active involvement and support of the Department's top leadership. I urge you to build on the momentum towards quality now created by thousands of VA employees by making the quality cause your own. The movement towards quality is not a partisan one. It has champions in both parties. And the movement towards quality offers you the chance to create your own resources by more effective use of the ones you already have. These resources can then be put to work for the benefit of veterans.

VA health care has made remarkable strides in quality improvement, as is shown by improved Joint Commission on Accreditation of Health Care Organizations grid scores. VA can, however, continue to improve. I know I can count you to ensure that progress will continue as VA makes the transition to new management at the top.

As I have said, VA can, and VA must, play an important role in a reformed American health care system. It will do so by continuing to emphasize quality while remaining mindful of the fiscal constraints under which the Congress, and the Administration, must operate.

Mr. Brown, my concerns, and your mission, will not be limited to health care.

The National Cemetery System is more than a veterans' benefit. Each of our Nation's national cemeteries is a national shrine. A shrine ennobled by the military service of the veterans eternally resting under the flag they served so well in life. As a national shrine, the National Cemeteries become a special obligation of the Secretary of Veterans Affairs. An obligation to which I am sure that your service, both in uniform and with the DAV, has made you especially sensitive. I trust that you will make adequate funding for the care and maintenance of the Cemeteries a priority for the Department if you are confirmed as Secretary.

Mr. Brown, if you are confirmed as Secretary, you will take over the Department at a time when many issues or policies originated by your predecessors remain unfinished. I endorse the Department's initiatives to respond to the concerns raised by Persian Gulf veterans with illnesses which have proven difficult to diagnose. I urge you to continue those initiatives.

I also applaud VA's efforts to do right by the veterans who were exposed to mustard gas. Just yesterday, VA announced it would propose new regulations as a result of the study released by the Institute of Medicine of the National Academy of Sciences. If confirmed, you will assume the responsibilities of Secretary long before those revised regulations become final and I urge you to see them through to completion.

The reintegration of veterans into civilian life following separation from military service is one of the core functions of the Department of Veterans Affairs. While always important, that mission takes on special significance when our Armed Forces are demobilized upon completion of a conflict.

The men and women who stood by the ramparts during the cold war, many of them the same individuals who prevailed in Desert Storm, are now being demobilized. These men and women are becoming the most recent cohort of our Nations' veterans. As such, they are becoming the most recent challenge to this Committee and to the Department of Veterans Affairs.

We, and they, have the advantage of an arsenal of benefits perfected over the last forty-five years. However, many of them are mature career soldiers. They have their educations. They have the skills to succeed. They have the leadership ability and drive to take charge of their own destiny in the world of business. What they do not have is capital.

Last fall, VA proposed a small business loan guaranty program to provide veterans with the means to put their talent and training directly to work in the private sector, creating jobs for themselves and for their fellow Americans. No action was taken on that proposal. I intend to follow through by introducing legislation which would authorize a program of small business loan guarantees for veterans.

With the benefit of such a program, an E-6 electronics technician forced out of the service due to reductions in the size of the service would have access to the financing needed to start up an electronics repair business. The vehicle mechanic whose military career was cut short by demobilization could obtain the financing needed to put his or her skills to work for the private sector.

Mr. Brown, I urge you to follow through on VA's proposal and put the weight of the Department to work to ensure enactment of this program.

Mr. Brown, I commend you for accepting a very difficult and challenging mission with very limited resources. President-elect Clinton has expressed a commitment to deficit reduction. He, and the Committee, can count on the Committee's Republican members to work with him in achieving that goal. Veterans can, in turn, count on us to remember that they are the only reason for the existence of both the Committee and VA.

Mr. Brown, I look forward to your testimony, and that of our witnesses, and look forward to discussing with you the issues we face together as we work to meet the needs of America's veterans.

PREPARED STATEMENT OF SENATOR GEORGE J. MITCHELL

It is a pleasure to join the Chairman, Senator Murkowski and the other members of this Committee in welcoming Jesse Brown to today's hearing on his nomination to become the Secretary of Veterans Affairs.

Before making brief remarks about the nominee, I want to acknowledge Senator Rockefeller who is conducting his first hearing as Chairman of the Committee.

Jay Rockefeller always brings intelligence, innovation, and commitment to everything he undertakes as a Senator. His widely respected knowledge of health-care issues will be critical over the next several years as this Committee exercises its oversight responsibilities over the nation's largest health-care system. I know he will be a very good Chairman. I very much look forward to working with him—and Frank Murkowski, who has resumed the position of Ranking Minority Member—in the coming Congress.

I have similar expectations for the man nominated by President-elect Clinton to be Secretary of Veterans Affairs. Certainly Jesse Brown brings a wealth of personal and professional experience to the job.

Jesse Brown enlisted in the Marine Corps shortly after graduating from high school in Chicago. Wounded in Vietnam, he went to work for the Disabled American Veterans in 1967. In the past 24 years, he has served with distinction rising from National Service Officer in Chicago to Executive Director of DAV's Washington Headquarters.

He has been an effective and passionate advocate, respected for his grasp of VA regulations, his persistence, his attention to details and his dedication on behalf of veterans.

Those are valuable qualities to bring to the Department where he faces a big challenge as the new Secretary if for nothing else than the question of health-care.

First and foremost, he must address the long-term funding shortfall that many observers believe is compromising VA's ability to provide first-class medical care to America's veterans.

Second, he must face up to the pressure that has been building for entitlement and eligibility reform. Simplifying the current complex and confusing eligibility system must be done, however, in the context of fact of life that unlimited funding for the VA medical system is just not available.

Third, he must vigorously and forcefully see that VA is included in the debate over health-care reform that President-elect Clinton has pledged to make a top priority. Often overlooked in the debate over health-care, VA is a huge system with more than 200,000 employees, hundreds of hospitals, clinics, nursing homes and domiciliaries and a budget of \$15 billion. It makes good management sense to have a department whose medical programs, operations and expertise are so wide-ranging and extensively represented when health-care policy is formulated.

But the challenges facing VA are far from limited to health-care. Estimates put the number of homeless veterans between 200,000 and 300,000 on any given night. Because homeless veterans have such a wide range of health, housing, job training, and vocational rehabilitation needs a strong effort needs to be made to focus VA's health-care and benefits systems on aiding these individuals.

And equally important, improving the manner in which VA adjudicates the approximately 4½ million benefits claims that are filed each year must be made. At hearings I chaired this May, VA testified that the time to process a claim at the Regional Office level had increased an average of 25 percent since FY 1990. That is unacceptable and I know the Secretary-designate will focus on improving the status quo.

In trying to address these and other problems, the nominee must meet the very high expectations that exist among the Members of this Committee, our counterparts in the House and the various veterans' service organizations that he will be a forceful, determined and consistent advocate for the interests of veterans, their families and their survivors.

It will not be easy. On a daily basis, the new Secretary is forced to balance the responsibilities of being a team player on the President's cabinet with being the veterans' advocate.

I can tell you Jesse, that the Members of this Committee, especially the Chairman and the Ranking Minority Member, look forward to working with you to find and fashion solutions to the problems you will face in your new position. We want you to succeed as Secretary of Veterans Affairs.

For we share a common goal, to see to it that those benefits earned by veterans through their service to this country are provided them in an efficient, fair and equitable manner.

I congratulate the Chairman for scheduling this hearing so early in the session. I look forward to working with the him and Senator Murkowski in moving this nomination as quickly as possible.

PREPARED STATEMENT OF SENATOR ALAN K. SIMPSON

Mr. Chairman, I am very pleased to welcome Jesse Brown to this confirmation hearing as well as all of the other distinguished guests in the audience.

I know Jesse Brown. He and I have visited over the years. He is a distinguished and respected former Executive Director of the Disabled American Veterans service organization, having served in that organization for over 25 years.

I have conferred with Mr. Brown recently and I am impressed by his sincere commitment to serve the veterans of this Nation responsibly. His personal and professional qualifications for this important Cabinet post are excellent.

He has served for many years very ably in the DAV organization. He understands the legislative process. He understands the fiscal and legal constraints which we face in all of the branches of the Government.

And he understands the relationship between the service organizations and the Congress and the need for compromise in order to assure that veterans receive the benefits due them, while still trying to bring sanity to our Nation's budget.

More than many, he should understand the difficult challenges which lay ahead for a decreasing and aging veteran population amidst an increasingly tight budget with limited resources for our deserving veterans.

As Mr. Brown said in his November 1992 DAV magazine newsletter . . . "hard times are coming." I agree with him, hard times are indeed coming. But, we must work together to face those hard times.

No one—least of all, myself—expects our Federal budget deficit to be balanced on the backs of American veterans. That is an absurd and hallow cry.

But, everyone who knows the vast majority of our courageous and deserving veterans surely must know that they too should be willing to contribute in the battle to reduce our burgeoning national debt.

In preparing for this hearing I reviewed Mr. Brown's personal and professional biography, I have met with him myself, I have reviewed other documents and I have read other reports detailing his background and proud service to our Nation's veterans.

His background indicates he is highly suited to take on the challenging task of being the Secretary of Veterans Affairs.

Although I do have veterans-related concerns which I have raised privately with Mr. Brown, nothing that I have reviewed with him has given me reason to doubt the capability, suitability or ability of Jesse Brown to serve honorably, diligently and capably as the next Secretary of Veterans Affairs.

I look forward to hearing a more detailed version of his views today and I shall have some questions. Thank you, Mr. Chairman.

PREPARED STATEMENT OF SENATOR ARLEN SPECTER

Thank you, Mr. Chairman, and good morning to you all. It's a pleasure to be here this morning to hear testimony on the nomination of Mr. Jesse Brown to be the next Secretary of Veterans Affairs.

As we begin this new Congress, we see many changes on this Committee. I was privileged last Congress to serve as Ranking Republican Member; this Congress, Senator Murkowski, our former Chairman and Ranking Republican Member, will take up that leadership post. And, of course, Senator Cranston, part of the leadership of this Committee for so many years, has retired. Senator Rockefeller is our new Chairman. I wish our new leaders the best, and look forward to working with them as we continue this Committee's vital mission of caring for our Nation's veterans.

I am particularly proud of the important bills we enacted last Congress: the first legislation directed toward the needs of women veterans was enacted; a compromise was finally reached on Agent Orange; the benefit program for survivors of veterans who died as result of service was reformed; benefits under the Montgomery GI Bill for education were increased for the first time. By my count, this Committee sent 21 substantive veterans' bills to President Bush last Congress; that is more, Mr. Chairman, than the number of substantive veterans' bills in the 99th through 101st Congresses combined. I think it is a remarkable record which shows just how well both sides of the aisle and both bodies can work together. I hope we can continue that progress in this Congress.

We will also be seeing changes on the staff of this Committee, although I understand the selection process is still underway. In any event, I want to express my thanks to the majority staff, under the able leadership of Ed Scott and Bill Brew, for their courtesy and cooperation throughout the last Congress. I also want to thank my own staff—Colin Rosenberg, Yvonne Santa Anna, Carrie Gavora, Kathryn Post, Bill Tuerk, Charles Battaglia and Tom Roberts—for their hard work throughout the Congress which made those results possible.

Mr. Brown, I look forward to your testimony. I have been a member of this Committee since I came to the Senate in 1981, and no issue has higher priority with me than the provision of benefits to our Nation's veterans. If confirmed, you will have a tremendous responsibility thrust upon you.

A top priority this Congress is going to be national health care. In my view, the top priority for this Committee is going to be VA's health-care system. We know that the eligibility rules are confusing; we know that there are veterans who want treatment within the VA system who cannot get it; we know that the system itself is set up to treat acute illnesses, while modern medicine stresses prevention and on-going care; and we know that funding for the system must be enhanced. We are going to have to deal with those issues this Congress.

At the same time, we must be cognizant of VA's place in any system of national health care reform. VA operates the largest health-care system in the United States: 171 hospitals, hundreds of outpatient clinics, some 200,000 employees, and a budget of \$14 billion. This country simply cannot afford to ignore VA as it reforms its health-care system.

Most importantly, this country must not ignore the health-care needs of its veterans. Last Congress, I was proud to lead the fight which stopped the so-called Rural Health Care Initiative, a plan which would have put non-veterans into VA hospitals—even though there are untreated veterans, and even though no hearings had been held on this ground-breaking idea. That is also why I fought to keep inpatient surgery available at three VA hospitals in Pennsylvania—Erie, Altoona and Lebanon. I believe that we have a fundamental obligation to provide health care to veterans, and I will not abide any plan which diminishes that requirement.

At the same time, I cannot support the notion that the VA system simply be "left alone" while national health-care reform takes place. In my view, that could be the death knell of a system that should continue. And I fear that the end of the VA health-care system—like the end of the veterans health system in Canada after similar reform—will make it all too easy for this Nation to forget the debt it owes its veterans.

So we will be looking, Mr. Brown, for leadership from VA in this crucial area. In many ways, this will be a crossroads for the Department. And that is why I say that you face such a tremendous responsibility.

I look forward to hearing and reviewing all of today's testimony. Thank you, Mr. Chairman.

PREPARED STATEMENT OF SENATOR DANIEL K. AKAKA

Thank you, Mr. Chairman. I'd like to join you in welcoming our distinguished guests, including our friends and colleagues, Senators Robb and Warner; DAV National Commander Joe Zengerle; DAV National Adjutant Butch Joekel; and VFW Executive Director Larry Rivers. Most of all, of course, I want to welcome back a familiar face to this room—Jesse Brown, President-elect Clinton's nominee to be the Nation's second Secretary of Veterans Affairs.

At the outset, I wish to state that President Clinton's choice to head VA could not have been more appropriate. As a disabled Vietnam veteran, Jesse Brown has experienced first-hand the sacrifices endured by our fighting forces. As a former DAV national service officer with many years of service in the trenches of VA's claims system, he has demonstrated sensitivity and commitment to veterans' needs. As DAV Executive Director with responsibility for managing the day-to-day business of a 1.3 million-member organization, he has displayed strong administrative skills. Finally, as a leading spokesman for the veterans community, he has demonstrated a firm grasp of the mission, structure, functions, and outstanding requirements of the Department he has been asked to lead.

Mr. Chairman, Jesse Brown comes to VA at a very difficult time. America suffers from serious fiscal and economic problems. As President Clinton's chief adviser on veterans affairs, he will have to balance these economic realities against the need to maintain our commitment to the Nation's 27 million veterans. He will need to confront such fundamental issues as:

providing adequate staffing, equipment, and other resources to maintain the quality of care offered at VA's 171 hospitals, 358 outpatient clinics, 132 nursing homes, and 35 domiciliaries;

expanding VA's long-term care capacity to meet the needs of an aging veterans population;

ensuring that every veteran has equal access to VA services and benefits;

improving the fairness and timeliness of VA's claims adjudication process;

meeting the additional demands placed on VA by the thousands of new veterans created by the Persian Gulf War;

planning for sufficient capacity in the National Cemetery System to meet future needs;

streamlining the Nation's second-largest bureaucracy;

and, simplifying and rationalizing health care eligibility rules.

Mr. Chairman, I am not certain that any single person can address all of the problems facing VA. But, from an initial reading of his resume, Jesse Brown—an individual who has devoted his entire adult life to promoting and thinking about the welfare of his fellow veterans, a man who has seen the face of battle and has never forgotten why it is so important to fulfill our promise to care for those who have worn the uniform—appears to have the personal qualities and professional capacities to serve as the Nation's foremost veterans advocate.

Thank you, Mr. Chairman. Barring any unforeseen disclosures, I fully expect to support Jesse Brown's nomination to be Secretary of Veterans Affairs. I have some written questions for Mr. Brown that I hope he will be able to answer prior to his confirmation.

PREPARED STATEMENT OF SENATOR BOB GRAHAM

Mr. Chairman, let me begin by congratulating you on your rise to the Chair of this Committee.

I am confident that your sharp leadership skills and personal charm and wit will make this a productive and exciting Committee to be a part of in the coming year.

I have had the pleasure of visiting with the nominee for Secretary of Veterans Affairs, Mr. Jesse Brown.

I am impressed by the depth of his commitment to his country and to the veterans of the Nation for well over two decades.

Mr. Brown, you know well that the task you have been asked to perform by the President-elect will not be an easy one.

You will be asked to perform miracles.

Sometimes the job will seem to require an impossible balancing act.

But I am hopeful that the Department and Congress can develop a close working relationship to ensure that the Nation's veterans receive the services and benefits they have earned.

I look forward to working with you and your team.

PREPARED STATEMENT OF JESSE BROWN, SECRETARY OF VETERANS AFFAIRS—DESIGNATE

Chairman Rockefeller, Senator Murkowski, members of the Committee, it is a pleasure to be here before you today as President-elect Bill Clinton's nominee for the post of Secretary of Veterans Affairs. This is not my first appearance before this Committee. Over the years, I have often had the privilege of working with you and testifying before you on issues of concern to disabled veterans and their families. For us, issues such as health care reform, homeless veterans and even POWs and MIAs are not momentary fads which briefly attract public and media attention and then fade from view. They are difficult, long-term challenges with which we have struggled for years. I know, as we continue to struggle for their resolution, we can work closely together—that this is only the first of many meetings between us. And I firmly believe that we can and must address the needs of this Nation's veterans in a non-political, bipartisan manner.

As Executive Director of the Washington headquarters of the Disabled American Veterans, I have worked closely with this Committee to identify and implement needed services for the disabled veterans of this Nation. Over the last 25 years I have also enjoyed a close relationship with many of the talented career professionals within the DVA. Together, I believe we already have in place a dedicated team, one which I am honored to have been asked to lead.

Today I appear before you as one who would take up the mantle for all our Nation's veterans. I believe the role of Secretary of Veterans Affairs is an important

one, because I believe that the way a society treats its veterans is an indication of who we are as a Nation. Those of us who went to war did not ask how we would be treated upon our return. We assumed that our Nation would meet the special needs of those who answered our Nation's call. And for my entire adult life, I have done everything in my power to see that a grateful Nation does not forget its duty to its citizen soldiers.

I was introduced to what was then the Veterans Administration shortly after I was wounded in Vietnam. At that time, I found a health care system and veterans benefits delivery program comprised of good and dedicated people; a group of professionals with a shared commitment in doing all that could possibly be done for this Nation's veterans. But then, as now, a scarcity of resources often made it difficult to get the job done.

I knew back then—more than 25 years ago—that I could make a difference. That I—and people like me—could ensure that this Nation's commitment to her defenders was met.

My continuing pursuit of that goal will define my tenure as Secretary of Veterans Affairs. And I am convinced that President-elect Clinton shares my goal.

I have been asked if my background as a veteran's advocate will impair my ability to get the job done as Secretary. I believe just the opposite is true.

My long years of advocacy have given me an intimacy with veterans issues that can only come from hard work, every day, year in and year out, in a single field.

I learned to build bridges and bring about agreements between organizations which are in some ways vastly different. I honed my skills as an organizer, able to mobilize not only the DVA, but leaders and membership of the other national veterans organizations, on issues of concern to us.

I learned the DVA budget, line by line, program by program. I grew to know the workings of the DVA so well that I authored a continuing training program for National Service Officers—teaching veteran's advocates how to work the system to get all the benefits to which they are entitled.

I learned how best to streamline an organization—how to stretch the tight budget of a nonprofit organization—and how the DVA might be streamlined as well.

And I learned how to look into the future, to anticipate needs and problems, and to seize control of events and agendas. How will we plan today to meet the changing needs of an aging veterans population? How do we shift from acute care to chronic care in DVA facilities—without waiting for scandal and bad press to force us to react belatedly and expensively? What is the DVA role in a health care reform era?

I believe that I have represented not just a small segment of the population as a veterans advocate, but the will of an entire Nation with an unwavering legacy of care and support for those of her sons and daughters who have been placed in harm's way.

If we are to nurture and protect this legacy, I believe adequate funding must be a top priority. A number of health care initiatives require our immediate attention—chief among them eligibility criteria requirements. Many veterans and DVA health care professionals, are highly—and justifiably—critical of the current system as complex, confusing and not always consistent with good medical practices.

We must cut through the backlog of forms and applications that force veterans and their families to wait months before receiving needed benefits.

And I believe we must pay special attention to the needs of our homeless veterans. That those who risked their lives overseas must now seek steam gates and shelters is a shame and a tragedy.

Mr. Chairman, my written responses to the pre-hearing questions contain detailed information on the agenda I believe should be set for the Department during the Clinton Administration.

For now, I think it is important to say that I believe that President-elect Clinton selected me for the job of Secretary of Veterans Affairs because I have seen up close the impact that VA programs can have on the lives of thousands of veterans;

Because I know the special and varying needs of those who served in different wars at different times;

And because the President-elect and I share the belief that good and honest people can truly find the best possible ways to—as the VA motto states, “care for him who shall have borne the battle, and his widow and his orphan.”

Mr. Chairman, this concludes my opening statement. I am happy to respond to any questions you may have.

QUESTIONNAIRE FOR PRESIDENTIAL NOMINEES

PART I: ALL THE INFORMATION IN THIS PART WILL BE MADE PUBLIC

1 Name Brown Jesse
(LAST) (FIRST) (OTHER)

2 Present address 807 Maine Avenue, S.W., Washington, DC 20024
(CITY) (STATE) (ZIP CODE)

3 Position to which nominated Secretary of Veterans Affairs 4 Date of nomination December 17, 1992

5 Date of birth 3/27/41 6 Place of birth Detroit, Michigan
(DAY) (MONTH) (YEAR)

7 Marital status Married 8 Full name of spouse Sylvia Lynette Brown

9 Names and ages of children Carmen Stewart - 23
N'Gai Scott Brown - 20

10 Education

Institution (including city and State)	Dates attended	Degrees received	Dates of degrees
Hyde Park High School Chicago, IL	1959-1963	High School Diploma	6/63
Catholic University Washington, DC	1967	NSO Training Certificate	1967
Chicago City College Chicago, IL	1969-1972	AA	6/72
Roosevelt University Chicago, IL	1972-1973	None	

11 Honors and awards List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement

Purple Heart and many other military commendations

Member of Mayor Daley's Committee on Employment of the Handicapped

Member of the White House Conference on Handicapped Individuals

Chairman, Vietnam Civic Committee

12. Memberships. List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable, and other organizations for the last 5 years and any other prior memberships or offices you consider relevant

Organization	Office held (if any)	Dates
Disabled American Veterans	None	Lifetime Member
Veterans of Foreign Wars	None	Lifetime Member
American Legion	None	Lifetime Member
Vietnam Veterans Memorial Advisory Committee	Member	1992
Desert Storm Victory Homecoming Committee	Board Member	1990

13. Employment record:

List below all employment (except military service) since your twenty-first birthday, including the title or description of job, name of employer, location of work, and inclusive dates of employment.

2/67-1/5/93: Disabled American Veterans (Congressionally chartered Veterans Service Organization)

2/67-2/73: National Service Officer, Chicago, Illinois
Assistant Supervisor,
3/73-10/73: Natl. Service Ofc., Chicago, IL
Supervisor,
11/73-8/76: National Service Office, Washington, DC
Supervisor,
9/76-1981: National Appeals Office, Washington, DC
Deputy National
1981-1988: Service Director, Washington, DC
Executive Director,
1988-1/5/93: Washington Office, Washington, DC

14. Military service List below all military service (including reserve components and National Guard or Air National Guard), with inclusive dates of service, rank, permanent duty stations and units of assignment, titles, descriptions of assignments, and type of discharge.

8/31/63-12/31/66 United States Marine Corps
Honorably discharged (retired) at rank of Corporal. Incurred
gunshot wounds to right arm due to combat duty in Vietnam.

15 Government
experience

List any advisory, consultative, honorary, or other part time service or positions with Federal, State, or local governments other than those listed above.

None

16. Published
writings

List the titles, publishers, and dates of books, articles, reports, or other published materials you have written

DAV's Continuing and Structured Training Program for
National Service Officers

1989-1992 Monthly article in DAV Magazine

1990-1992 DAV Convention Reports

17 Political
affiliations
and activities

(a) List all memberships and offices held in and financial contributions and services rendered to any political party or election committee during the last 10 years.

None

(b) List all elective public offices for which you have been a candidate and the month and year of each election involved

None

18 Future
employment
relationships

- (a) State whether you will sever all connections with your present employer, business firm, association, or organization if you are confirmed by the Senate.

Yes

- (b) State whether you have any plans after completing Government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization

No

- (c) What commitments, if any, have been made to you for employment after you leave Federal service?

None

- (d) (If appointed for a term of specified duration) Do you intend to serve the full term for which you have been appointed?

Yes

- (e) (If appointed for an indefinite period) Do you intend to serve until the next Presidential election?

Yes

19 Potential
conflicts
of interest

- (a) Describe any financial arrangements, deferred compensation agreements, or other continuing financial, business, or professional dealings which you have with business associates, clients, or customers who will be affected by policies which you will influence in the position to which you have been nominated

At age 50, I am eligible to receive a lump sum pension
payment for employment services performed to 1/5/93.
This pension fund is independently managed by Metropolitan
Life Insurance Co., New York, NY, and is a fully funded,
defined contribution plan. Therefore, there is no conflict
of interest.

- (b) List any investments, obligations, liabilities, or other financial relationships which constitute potential conflicts of interest with the position to which you have been nominated

None

- (c) Describe any business relationship, dealing, or financial transaction which you have had during the last 5 years, whether for yourself, on behalf of a client, or acting as an agent, that constitutes a potential conflict of interest with the position to which you have been nominated

None

- (d) Describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any Federal legislation or for the purpose of affecting the administration and execution of Federal law or policy

In my previous capacity as Executive Director, Washington Office, for the Disabled American Veterans, I have directed activities which have impacted on veterans' legislation, which included presenting testimony before Congress.

- (e) Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items (Please provide a copy of any trust or other agreements involved)

I have terminated my employment with the Disabled American Veterans; therefore, there is no conflict of interest.

20 Testifying
before the
Congress

- (a) Do you agree to appear and testify before any duly constituted committee of the Congress upon the request of such committee?

Yes

- (b) Do you agree to provide such information as is requested by such a committee?


Yes

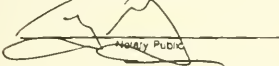
AFFIDAVIT

Jesse Brown) 95
 , being duly sworn, hereby states that he/she has read and signed the answers to the foregoing Questionnaire for Presidential Nominees and that the information provided therein is, to the best of his/her knowledge and belief, current, accurate, and complete.

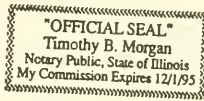
Subscribed and sworn before me this 30 day of

December 1992


 Signature of Nominee


 Notary Public

Timothy B. Morgan





United States

Office of Government EthicsSuite 500, 1201 New York Avenue, NW
Washington, D.C. 20005-3917

January 6, 1993

The Honorable John D. Rockefeller IV
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Mr. Jesse Brown. President-elect Clinton has announced his intent to nominate Mr. Brown for the position of Secretary of the Department of Veterans' Affairs.

We have reviewed the report and have also obtained advice from the Department of Veterans' Affairs concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter from the ethics official of the agency, dated January 4, 1993, which discusses Mr. Brown's ethics agreements with respect to recusals and proposed waivers under 18 U.S.C. § 208(b) and certain other matters.

In addition, in order to avoid the appearance of a conflict of interest, Mr. Brown will seek the advice of the agency ethics official prior to taking an official act as to particular matters involving a specific party or parties with respect to which Disabled American Veterans ("DAV") makes a communication or appearance before the Department of Veterans' Affairs.

Based thereon, we believe that Mr. Brown is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Stephen D. Potts
Director

Enclosure

STATEMENT OF CHARLES E. JOECKEL, JR., NATIONAL ADJUTANT,
DISABLED AMERICAN VETERANS

Mr. Chairman and Members of the Committee, on behalf of the over 1.4 million members of the Disabled American Veterans (DAV) and its Women's Auxiliary, may I express my appreciation for this opportunity to present the views of our organization on the nomination of Jesse Brown for the office of Secretary of Veterans Affairs.

Mr. Chairman, your endeavors today are of fundamental significance in terms of assuring that the highest caliber of leadership is placed at the helm of our nation's system of federal veterans' benefits and services . . . the Department of Veterans Affairs (VA).

Equally significant, in these challenging times that confront our nation, is the impact your deliberations will have upon the present and future well-being of America's veteran population, their dependents and survivors.

These actual and potential VA beneficiaries—which currently constitute about 40 percent of our country's entire population—regard the VA as the federal entity created exclusively for their needs and concerns.

And, indeed, this is so.

The magnitude of the responsibility of the Department of Veterans Affairs and the scope of its various programs are well known to this Committee. Contingent upon the needs and eligibility of veterans, the VA stands ready to provide:

- A comprehensive array of inpatient and outpatient medical care;
- Service-connected disability and death compensation and nonservice-connected disability and death pension;
- Vocational rehabilitation and aid in educational pursuits; and
- Guaranteed home loans and life insurance protection.

Unquestionably, the individual who assumes the office of Secretary of Veterans Affairs shoulders a tremendous responsibility. This Committee and the Senate as a whole, who must consent to the nomination for that office, assume no less a responsibility.

With these thoughts in mind, we in the DAV trust that our comments today will provide a beneficial contribution to your important deliberations.

Mr. Chairman, the DAV is both pleased and proud to offer its strong endorsement of Jesse Brown, a man who has devoted his entire adult life to advancing the interest of those who served in our nation's armed forces, for the position of Secretary of Veterans Affairs.

A native of Chicago, Illinois, the nominee enlisted in the United States Marine Corps following high school graduation in 1963. In 1965, while on patrol near Da Nang in the then Republic of South Vietnam, he incurred combat wounds serious enough to cause disability retirement from service.

In 1967, he commenced his life long association with the DAV, successfully completing a course of training at Catholic University here in Washington, D.C., and joining our ranks as a National Service Office (NSO) in our Chicago, Illinois, claims office.

From the outset, Jesse Brown demonstrated those traits and characteristics that were to serve both himself and veterans so well . . . a determined, almost punishing personal work ethic, a deep personal feeling of commitment to veterans and a determined pursuit of self-knowledge, expertise and growth.

His leadership and ability soon led to positions of greater responsibility in the DAV. Advancing to the position of Assistant Supervisor in our Chicago office, in 1973 he became head of our Washington, D.C. claims office. Four years later, in 1976, he became Supervisor of our National Appeals Office charged with representation of veterans before the VA's Board of Veterans Appeals.

In 1981, the nominee was promoted to the position of Deputy National Service Director at our Washington National Service and Legislative Headquarters where he helped oversee DAV's annual \$30 million national service program consisting of over 425 employees in 69 offices throughout the country. During that time he had direct supervision over our Emergency Relief, Disaster Relief and Mobile Field Service Unit Programs. A premier achievement consisted of his personal authorship and installation of DAV's multimedia, interdisciplinary NSO training program.

Finally, in 1988 and until just recently, the nominee served as the Executive Director of our organization's Washington Headquarters. He held principal responsibility for overseeing DAV's National Service, Legislation, Employment, Volunteer Services and Communications Programs. Working closely with other veterans' service organizations, the VA and appropriate committees of the U.S. Congress, he has played a leading role in the formulation and articulation of our nation's policy for veterans and their system of benefits and services.

Mr. Chairman, there is no question in my mind that Jesse Brown is uniquely qualified to be Secretary of Veterans Affairs. Indeed, as his record amply demonstrates, he brings a combination of knowledge, skill and experience to the position that is unmatched by most, if not all, of those who have headed our VA benefit system.

And yet, as confident as we are of his ability to assume the office to which he aspires, our overriding obligation to America's veterans requires us to recognize your Committee's concurrent obligation to scrutinize his qualifications. Any individual nominated for the position of Secretary of Veterans Affairs should be questioned most closely regarding his philosophical beliefs vis-a-vis our veterans' benefit system as a whole, as well as the major programs and services within that system.

Such an examination should, we feel, reveal sentiments and beliefs similar to the following:

Notwithstanding the fact that the Secretary of Veterans Affairs will be a member of the "President's team," his first and foremost loyalty must be directed at promoting the best interests of this nation's veterans and the Department created and committed to fulfilling their needs.

The Secretary should judge the merits of any policy change or reorganization plan affecting the Department or any of its functions—whether initiated from without or from within—on such a proposal's ability to provide an affirmative answer to the following two questions:

(1) Is it in the best interest of our country's veterans, their dependents and survivors? and,

(2) Will the present integrity and independence of the Department and its programs remain unimpaired?

The Secretary should utilize the nonpartisan concept, surrounding himself with staff members of high confidence and genuine understanding of the needs of our nation's veteran population. Furthermore, dedication to duty, quality of productivity and personal initiative on the part of all Department employees should be encouraged and suitably rewarded.

The Secretary should have a candid working relationship with this Committee, your counterpart in the House and the Congress as a whole. He should consult regularly with the Veterans' Affairs Committees on matters affecting VA programs, not only informing them of intended funding initiatives, legislative proposals or policy changes, but seeking their advice and expertise on any and all such matters. Honesty and candor should be the watch words of all communications to the Committees and their staffs.

Finally, the Secretary should endeavor to maintain a frank and open relationship with veterans' service organizations, advising and consulting with them prior to undertaking any initiatives which might touch upon such areas as:

The Schedule for Rating Disabilities;

The opening and closing of Department Regional Offices, hospitals and outpatient clinics; and

The existing level of any services to veterans, their dependents and survivors.

Mr. Chairman, we feel agreement on the part of the nominee with the foregoing principals is essential if the Department of Veterans Affairs is to remain steadfast and faithful to its motto—"To care for him who shall have borne the battle, and his widow and his orphan."

Mr. Chairman, before closing, and in view of my organization's and my own personal relationship with the nominee, I would like to make the following observations:

I have known Jesse Brown, on a personal and professional basis, for many years. He is a dear friend and we have gone through a lot together. Indeed, when I joined the DAV as a NSO Trainee, Jesse Brown was my first supervisor . . . and a hard task master he was. Let me say to those at VA Central Office, with no small degree of sympathy, you are not getting a "nine to five" type of guy.

To the nominee, should he be confirmed by the Senate, I would say that the DAV will do all that it can to support him and his efforts to reform, strengthen and lead our benefit system. We will be his best friend . . . and, if need be, we will be his most responsible, vocal critic. I know that the nominee would expect nothing less from us. After all, we will be holding him to the same high standards that he himself helped to formulate and define over the years.

And to those veterans across America who may be wondering just what type of person Jesse Brown is and how their benefit system will fare under his leadership, let me relate to them the following true anecdote:

Some years ago Jesse was involved in a very difficult service-connected death benefit claim. Difficult in the sense that the cause of death of the World War II combat arm amputee was not readily apparent and related to his service-connected disability.

ity. The case was denied locally, and, subsequent to that, a personal hearing was held at the Board of Veterans Appeals. The Board sent it back to the local rating authorities requesting further development and, some time later, it came back to the Board where it was denied again. Reconsideration was asked for and, ultimately, an outside medical opinion was sought. In due course, the opinion came in and the VA again denied the claim. Jesse did not give up and requested further development. The claim went back to the field and seemed to just drag on and on. This all involved several years but Jesse Brown never gave up. His personal philosophy, in difficult, complex cases, was that you could always find a way to present the evidence in such a manner that the VA could "hang their hat" on something.

Then one day Jesse came bursting into my office with the news that the claim had been allowed, the benefit granted and a retroactive check authorized. He was elated, literally jumping with joy like a kid on Christmas morning. He was so happy for this veteran's widow, whom he didn't know and never would. Yet he celebrated as if it were the most meaningful, personal accomplishment that would ever come his way. I have never forgotten that.

So, to America's veterans, let me just say that Jesse Brown will never forget that he is one of you. He will do his best to serve you well.

Mr. Chairman, this completes my testimony. I again thank you and the Committee for extending the DAV the opportunity to participate in these important proceedings.

THE DISABLED AMERICAN VETERANS' PENSION PLAN

The pension plan for full-time employees of the Disabled American Veterans (DAV) is a fully funded, noncontributory, financially secure plan that is in full compliance with the Employee Retirement Income Security Act of 1974 (ERISA) and other federal pension guidelines. A DAV employee is fully vested in the program after five years of employment. Employer contributions to the plan are based upon actuarially determined amounts required to provide for amortization of the total cost of future pension benefits over the future working lifetime of plan participants, using the aggregate cost method.

The plan permits a participant who reaches the later of age 60 or the completion of five years of service to receive retirement benefits as follows: (1) in a lump sum on the first day of any month following his 60th birthday; (2) as a monthly annuity beginning on the first day of the month following his 60th birthday; or (3) on a deferred retirement date which will be that first day of any month following his 60th birthday. Employees who retire prior to the normal retirement date (age 60) receive a reduced benefit based upon age and years of service at time of retirement.

Jesse Brown had no involvement in the creation of the pension fund and did not negotiate any independent or separate pension plan with the DAV. The fully vested, independently managed pension plan has been fully disclosed in papers filed by Mr. Brown with the Office of Government Ethics and, the Senate Committee.

STATEMENT OF ROBERT L. JONES, NATIONAL EXECUTIVE DIRECTOR, AMVETS

On behalf of National Commander Kenney and all AMVETS, I would like to thank the committee for the opportunity to testify in support of the nomination of the next secretary for the Department of Veterans Affairs (VA), Mr. Jesse Brown. The Secretary for Veterans Affairs must be an advocate with a demonstrated willingness to work in harmony with national veterans organizations in implementing the administration's published national veterans policy. President-elect Clinton could not have selected a better candidate to lead the Department of Veterans Affairs (VA). Secretary Brown possesses the qualities of strong leadership, and knowledge of VA programs and services that are essential to lead the Department as it evolves and molds itself to meet current and future challenges.

During the past decade, America's veterans benefits have eroded as austere budgets have systematically deteriorated veterans entitlements earned in service to the nation. Veterans' programs have been seriously affected by this budgetary turmoil and lack of advocacy at the highest levels of government.

AMVETS commends President-elect Clinton for nominating Mr. Brown as the next Secretary of the Department for Veterans Affairs. Since being wounded as a Marine while serving in Vietnam, Secretary Brown has been in the trenches advising and assisting his fellow veterans. Beginning as a national service officer with the Disabled American Veterans, he has risen through the ranks to positions of increasing responsibility and is intimately familiar with the problems faced by all vet-

erans and the department charged with solving those problems. He is a competent and knowledgeable advocate uniquely qualified for the position to be Secretary of the VA.

I suspect some would pejoratively call him a professional veteran—but I am willing to bet Secretary Brown takes pride in that term. Yes, he is a veteran. Yes, he is a professional. His record of outstanding service proves it. AMVETS too, takes pride in his accomplishments as a veteran and a professional whose life has been one of selfless devotion to helping others. His wide ranging contributions to improving the life of America's disabled citizens further proves his dedication. His contributions to all Americans is reflected in his service as a member of the White House Council on Handicapped Individuals and the Chicago Mayor's Committee on Employment of the Handicapped. His dedication is above reproach.

The recent election provides an opportunity for the federal government to restore the faith of America's veterans and fulfill the nation's commitments made to its veterans in exchange for their sacrifices made in serving their country. This testimony is offered not only in support of the nomination, but also in the spirit of building a common sense of purpose between those who represent America's veterans and those who will be charged with carrying out the intent of the platform to seek a new covenant, repair the damaged bond and expand opportunity and responsibility.

We applaud the platform policy to "rebuild America by abandoning the something for nothing ethic." Veterans are the men and women who have purchased the right, often with shattered bodies and minds, to be empowered and offered expanded choices. We urge the new administration to keep that contribution in mind as it proceeds towards fulfilling its renewed covenant. I know Secretary Brown needs no such encouragement.

AMVETS has every trust and confidence that Secretary Brown is the man to speed that restoration. In his acceptance remarks, Secretary Brown stated he will be a Secretary FOR Veterans Affairs, and that he will be aggressive, proactive and innovative in the performance of his duties. AMVETS applauds and supports his resolve.

I would like to address just some of the challenges he must face head-on.

He will be challenged to restore mutual trust and communications between the veterans' service organizations (VSO) and the VA. In the past, there were those who attempted to convince Congress and the American public that our organizations have some sinister purpose and that the work we do here in Washington on behalf of veterans somehow degrades the democratic process.

Nothing could be further from the truth. Our job here is to advocate for veterans' rights so that meaningful reform can take place in a systematic manner that benefits veterans. We oppose haphazard change that merely opens the door to more reductions and delays in benefits. We want to be a part of the process and we speak not only for the veterans who work in the headquarters of the various VSO's, but also for the millions of veterans alive today and their dependents.

AMVETS will welcome the VA's implementation of President-elect Clinton's commitment to foster and channel the creative energy of the nonprofit community. Veterans' service organizations like AMVETS have long been community leaders in helping neighbors. VSO programs for drug rehabilitation, the homeless, the disabled and the elderly have improved millions of lives. Programs for school age youth teach not only the values of patriotism, but also the values of family, service and responsibility. We are eager to work with the administration to bring meaningful expansion of nonprofit programs to the community. We agree that, among other things, homelessness and drug abuse are a national disgrace and we are ready to cooperate in any innovative initiatives and hope that new programs will be community based to ensure grassroots participation.

Therefore, it is imperative that Secretary Brown revitalize the communications process and rebuild trust and meaningful dialogue between his office, the White House and all of America's veterans. Without that rebirth of trust—or to use President-elect Clinton's term—a new covenant, the veterans, VA, Congress and the American people will be condemned to repeating the mistakes of the past. If there had been meaningful two way communications, it is doubtful several policy failures including the Rural Health Care Initiative debacle would have occurred. AMVETS looks forward to working with Secretary Brown to rebuild the team that can do so much for so many Americans.

Second on the list of challenges is reclaiming the role of the VA in restoring veterans to their meaningful and rightful place in society. VA must closely examine its role in the socio-economic and psychological readjustment of veterans as they transition into the civilian community.

We support expanded opportunity through a strengthened economy. Veterans traditionally comprise a smaller portion of the entrepreneurial segment of small busi-

nesses than non-veterans. It is time to encourage the spirit of new business ideas among veterans and make it possible for them to create their own success stories. Veterans as a group represent a cross-section of America's population, urban and rural, middle class and poor, racially and ethnically mixed, geographically diverse, and increasingly gender representative; veterans provide an ideal base on which to build the New Covenant.

The proliferation of transition job placement programs, particularly among Department of Defense agencies, may have resulted in the misuse of federal and state staff and the uncoordinated expenditure of federal dollars. Firm oversight is lacking and, during this period of austere budgeting, time and money-consuming duplication of effort can be ill-afforded. Cross-sharing of information is paramount and the VA must join the Department of Defense and the Department of Labor in issuing implementation instructions concerning transition programs. Secretary Brown should encourage aggressive pursuit of programs to assist disabled veterans' transition into meaningful employment.

AMVETS totally agrees that our nation can only be strong when it educates its people. We must become the workforce of the future and education is the way to accomplish the task. We urge Secretary Brown to push for an investment in a truly meaningful GI Bill that repeats the success of the post-World War II GI Bill. That program put America on the moon and built the modern high technology infrastructure that we enjoy today. Functional illiteracy is a national disgrace and VA can play a major role in removing this blight from our society.

The men and women who served in the armed forces during the Gulf War are deserving of a comprehensive program of veterans benefits, services and medical care. AMVETS supports our colleague's initiative to establish a Desert Storm service persons' readjustment act and to establish a benefits package commensurate with those provided to veterans of World War II, Korea and Vietnam.

A rightful place in society means the solution to the budget deficit must not fall solely on the back of veterans. Cuts in veterans health care must not continue when the savings are used to pay for the out of control programs such as Medicaid/Medicare. It is time for the VA to stop subsidizing Medicare and Medicaid and be reimbursed for treatment of veterans and others eligible for those programs. The administration must act decisively to exempt all veterans benefits and entitlements from taxation because the men and women who receive these benefits are generally among the most vulnerable citizens because of their disabilities or age.

It is time for the federal government to acknowledge the injustice of dollar-for-dollar offsets between military retired pay and disability compensation for those military retirees entitled to both payments. Military retirement is earned for sustained service and has nothing to do with disabilities incurred during that service. Disability compensation is meant to soften the financial side effects of disabilities incurred during service. To deny one because of the other defies logic and is not consistent with the treatment of Civil Service retired pay and disability compensation. Now is the time to remove the restrictions on concurrent receipt of military retirement pay and disability compensation.

Investing in America must begin with investment in its veterans who have won the peace. This means a vastly improved Transition Assistance Program to ease the transition to civilian life for those now leaving the military. It means significant contract set-asides for veteran-owned small businesses. It means enforcement and expansion of veterans preference and priority in federal and private sector hiring. Training dollars are well spent on veterans. They are proven winners and will bring discipline and leadership skills to the community. We call upon the administration to make substantial investments in areas of technology designed to maximize use of the skills of defense workers and military personnel who are being displaced as a result of downsizing of the armed forces.

The VA offers an ideal vehicle to set the example for veterans employment and contracting. Already employing nearly 250,000 people, VA contributes significantly to the hiring of veterans. It sets aside contracting opportunities for veteran-owned businesses. As a force in the national economy, the VA injected \$17 billion in disability and pension payments into the portion of the population most affected in a slow economy. The VA medical system adds like amounts and accounts for nearly 200,000 of the VA's workforce. When you add the spinoff economic and health benefits to the nation in medical research and development, increased productivity from its beneficiary population because of better health and higher levels of education, the VA must be considered a national economic asset.

I alluded to another challenge facing Secretary Brown when I mentioned the delivery of quality service through the full spectrum of VA entitlements and benefits by the Veterans Benefit Administration (VBA). It may be here that Secretary Brown faces his toughest test, and I'm confident that he will agree with me that the VA

must become more efficient in the investment of its resources. Fiscal year (FY) 1992 saw a decrease of 300 FTEE at a time when VBA needed another 1,300 workers to stay even with the current workload. We are concerned about the effect the Court of Veterans Appeals is having on adjudication times. We have heard VA needs over 400 more FTEE just to handle the increased workload caused by the decisions of the Court. We are concerned that the inventory of foreclosed properties is increasing, that it takes longer to speak to a benefits counselor and that the backlog in adjudication cases is climbing.

AMVETS looks forward to the positive impact of the new Veterans Benefits Academy on the skill levels of VBA personnel. It is long overdue. We also encourage the VBA to accelerate the modernization of the claims processing by using all the advantages of modern information technology.

The responsibility for the delivery of veterans entitlements and benefits is spread over many federal departments and agencies. We support the establishing a veterans liaison office in each appropriate federal agency and giving it the responsibility to coordinate and oversee the delivery of veterans services. We also firmly believe that if a department has the responsibility for a veterans program, then the program must be adequately funded and staffed to fulfill this responsibility.

AMVETS applauds the administration's goal of responsible government. We caution that removal of bureaucratic layers must not be done in a way that disrupts service delivery. Delegation of decision making must be accompanied by training for any group of new decision makers. The current level of turnover in many offices has created delays in service delivery time which is now measured in months rather than weeks. For instance, according to the Secretary's Annual Report, the average processing time for an appeal through the Board of Veterans Appeals was 498 days in FY 1991. This highlights the need to provide aggressive leadership, not only in cost cutting, but also worker training to ensure efficient delivery of benefits to those who desperately need them.

Now is the time to strengthen and expand the mission of community-based vet centers that can offer initial access to VA services for all veterans including those who feel threatened by the large bureaucracy prevalent at VA Regional Offices and Medical Centers. Several studies have confirmed the value and cost effectiveness of these centers and we oppose systemic changes in the management or structure of this efficient system.

All too often, veterans are heavily represented in the ranks of today's unemployed, under-employed, incarcerated, addicted, homeless and hopeless. Time after time, we hear the stories of a veteran on the streets searching for some of the dignity felt when wearing the uniform. Their stories usually end with, "I'm a veteran. I answered my country's call and served to the best of my ability. And now I get this."

These men and women wonder why they must fight tooth and nail for every benefit they have earned. They wonder why the adjudication process takes six months to a year. They wonder why access to the VA medical system takes a law degree to figure out or varies from facility to facility. They wonder why they get shuffled back and forth at the employment services agency between veterans programs that have no money and other programs to which they are denied access because they are veterans. They wonder why their spouse, who has cared for them through a lifetime of disabilities resulting from service to their country would be denied a decent pension.

The VA medical system is a precious national treasure to be improved and used as a model of cost-effective health care; it is not a system of last resort to be slowly strangled through fiscal neglect. VA is a world leader in health care research, with several Nobel Prize winners in its ranks, and its treatment and research benefit the nation as a whole. For instance, the VA now treats 9% of the nation's AIDS patients and is a leader in AIDS research. Secretary Brown's challenge will be to integrate this national asset into the coming national health care reform while retaining it as an independent agency dedicated to veterans.

The VA offers an ideal system for universal veterans health care as the nation deals with health care access. Its cost controls and global budget offer a model for the non-veteran sector. The VA is eminently qualified to care for veterans because of its years of specialization in health care concerns unique to, or prevalent in, the veterans community. It has an extensive infrastructure of capital facilities spread throughout the nation that, while badly in need of modernization, offer a wealth of technology necessary to quality care.

AMVETS is confident that entitlement reform heads Secretary Brown's list of goals. Entitlement reform for VA medical care is absolutely essential. It offers VA a means to identify and plan for a core beneficiary population, to enumerate its clientele and justify an adequate budget. It will enhance VA's ability to define its relationship with other federal programs and remove administrative barriers obstruct-

ing equitable delivery of care in the most appropriate setting. Offering an entitled veteran population a full range of health care services, including preventive and long term care, is recommended by the Commission on the Future of Veterans Health Care. AMVETS concurs with the commission's recommendation.

AMVETS strongly supports reform that will mandate health care as an entitlement to honorably separated service connected veterans regardless of disability rating, to former prisoners of war, to those exposed to herbicides or ionizing radiation, to those receiving VA pension or Medicaid and to those veterans who are medically indigent. Entitled veterans must have access to the full spectrum of VA health care services to include preventive care, hospice and long-term care. Entitled veterans must not be subjected to any form of co-payment. This includes the non-service connected medically indigent. No entitled veteran should pay deductibles or co-payments for health care services received at, or financed through, the VA. Third party payments or entitlements should serve as payment in full. Funds received from third party payors for the care of veterans should be credited, without offset to the individual medical center which renders such care. AMVETS endorses VA specialized support services with Department of Defense medical facilities and academic affiliates.

Changes in the entitlement criteria for VA medical care benefits must also enfranchise catastrophically ill or non-service connected veterans. These veterans are currently forced to spend down to meet the asset requirement of medical indigence to be entitled to VA care. This is catastrophic for the veteran and created inefficiencies in the VA system. VA must be allowed to treat a catastrophic illness or injury from its acute phase through its rehabilitative phase—throughout the span of the disease.

We oppose non-veterans becoming beneficiaries of direct medical care in VA medical facilities until universal veterans health care has been achieved.

Over a decade ago veterans medical care reached crisis proportions due to insufficient appropriations. Appropriations for the administration of veterans' entitled benefits must be funded through mandatory spending accounts. Budget development and allocation must be done through a needs-based process. The current appropriations grouping does not allow a rational approach for funding veterans programs. Ideally, we support a separate and distinct appropriations subcommittee in both the House and Senate with jurisdiction limited to VA appropriations. In the current political and fiscal climate, this appears an unlikely goal. Because AMVETS recognizes the special relationship between the Department of Defense and the Department of Veterans Affairs, we believe that, with proper safeguards it is time to consider moving VA appropriations under the jurisdiction of Defense Appropriation Subcommittees and we hope Secretary Brown will explore such a move.

A significant portion of those appropriations must go towards reducing a billion dollar backlog in needed medical equipment. Funding diverted from its original purpose and lack of a reliable tracking system for medical equipment has created a growing accumulation of unpurchased new and replacement equipment. The backlog of unpurchased equipment is compromising VA's ability to provide quality care. There is an additional billion dollar backlog in needed nonrecurring maintenance. Hospital directors routinely divert funds designated for essential repairs to provide patient care.

We are grateful that President-elect Clinton has nominated Secretary Brown to help restore the American veteran to a rightful place in society. In the end, the VA must take the lead for veterans. The VA must be proactive. The old saying that an ounce of prevention is worth a pound of cure illustrates how the VA must operate. Secretary Brown has stated he will be proactive, and knowing him as I do, he will succeed in confronting the challenges we envision.

Mr. Chairman, we have listened to you on many occasions express your personal support for the VA and the need for the VA to make some changes. AMVETS believes what we have here is the nucleus of the team that can truly improve the way the VA delivers benefits to veterans—Secretary Brown is the right man at the right time for the job. We at AMVETS stand ready to help in any way possible. Secretary Brown, AMVETS welcomes your appointment. We look forward to your leadership.

STATEMENT OF JOHN HANSON, DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. Chairman and Members of the Committee, The American Legion appreciates the chance to come before you today to comment on President-elect Clinton's nomination of Jesse Brown to be Secretary of Veterans Affairs.

As the Committee knows, The American Legion is prohibited from endorsing specific nominees for any federal elected or appointed office. However, we wish to state

at the outset that Mr. Brown meets the requirements of a successful Secretary of Veterans Affairs—or as the president-elect has phrased it—Secretary for Veterans Affairs. In our view, the person in charge of the young department should be a veteran who has been and can be counted on to be an advocate for veterans programs, both before the Congress and the Office of Management and Budget.

Jesse Brown has proven to be an honest and good friend of The American Legion and of this nation's veterans. We are proud of his outstanding and ongoing service to his country and, of course, we are proud that he is a Légionnaire.

The new Secretary and his leadership team must have a clear vision for VA's future. And, at this point, the ability to look clearly into the future is critical. In our view, that vision must focus on the efficient delivery of veterans benefits and medical care.

The new team at VA should have the managerial talent to make certain that all areas within VA operate in a coordinated matter. Each operational component should be assigned clearly defined goals which focus on the Department's overall mission.

VA's mission is unique in the government, and the protection of the integrity of VA's delivery systems is very important. But, we also recognize that VA cannot hope to be successful by doing things the way they've always been done before.

The American Legion is certainly aware of VA's problems, particularly in its two major delivery systems. Obviously, some additional money is necessary to fix those problems. But, that repair cannot be complete without an innovative leadership team at VA.

We expect that the new Secretary will devote his early efforts to those areas which demand the greatest attention. In that regard, we will take this opportunity to offer some brief advice and to express several philosophical views.

From a budgetary perspective, we urge fiscal planners to evaluate those programs which have contributed to the current budget mess. If that is done, they will see that VA has not been a contributor to the budget problems, and should not be victimized by some sweeping budget plan which might apply indiscriminate across-the-board cuts in entitlements.

VA's benefit processing operation—from the regional office level to the Board of Veterans Appeals—should receive the modest amount of extra funds and personnel necessary to deliver benefits efficiently. In his speech to the Legion's 1992 National Convention in Chicago, the president-elect pointed out that it now takes longer to resolve a VA claim than it took to liberate Kuwait.

We understand the impact of the new Court of Veterans Appeals on the claims and appeals process, but we are also certain that the talent of VA and the Court can fix a system that should not be broken.

We support a series of initiatives to reform VA medical care eligibility. Eligibility standards must be simplified, access to VA medical care should be expanded and other sources of revenue to augment VA appropriations should be explored.

And, finally, VA research should be recognized for its value and must be supported. VA provides research that benefits all Americans; its value has been documented, and money spent on it continues to be one of the wisest investments by the federal government.

One area that is the most visible is VA's network of nearly 200 hospitals, domiciliarys, outpatient clinics and other facilities that deliver some sort of health care to the nation's veterans. That system is at a critical point. If new ways to deliver VA health care are not developed, the system's survival may be in jeopardy.

We went through an unpleasant experience recently, during which sweeping changes in health care delivery were proposed without consultation with the veterans organizations, or explanation of the need for change. As users of the system, we know that there are serious problems, and we understand that there are ways to address them without causing the turmoil that resulted from the Rural Health Care Initiative.

The American Legion and other veterans organizations have been working together on a number of proposals to re-evaluate VA health care delivery and reform eligibility requirements for that care. Specifically, we hope to simplify eligibility requirements, so that more veterans are able to use the VA system, if they want to. Also, we agree with past proposals to permit Medicare and other federal health care payors to reimburse VA for the cost of VA health care.

The VA health care system is the only federal health care delivery system we have in this country. It's had problems, to be sure, but it has also brought innovations which have been applied throughout the practice of medicine in this nation. We sincerely hope that the Committee will join with us as we press for VA's inclusion in any future discussion of national health care reform. VA's lessons are valuable, and the country could benefit from its experiences.

We will continue to discuss those ideas with the Committee in the coming months, and we look forward to working with the new Secretary and his team to ensure that VA is an active player in national health care planning and policy. The American Legion looks forward to working with the members of your Committee to ensure that the veterans of this country continue to receive the care and service they have earned.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF HON. G.V. (SONNY) MONTGOMERY, CHAIRMAN,
COMMITTEE ON VETERANS' AFFAIRS, HOUSE OF REPRESENTATIVES

Mr. Chairman, there simply is no wiser choice than Jesse Brown to fill the post of Secretary of Veterans Affairs. He has proven time and again his concern for and commitment to his fellow veteran, and that is exactly what is needed to guide the Department into the 21st Century—concern and commitment.

I've known Jesse and worked with him for a number of years. He has an excellent grasp of the interests and concerns of veterans and their families. As a combat-disabled Vietnam veteran, he brings to the job essential perspective, understanding and sensitivity. Those characteristics will be greatly aided by his high standing in the veteran community as a steadfast and effective veterans' advocate.

Since Jesse Brown's nomination by President-elect Clinton, there has been an invigorating air of excitement and hope among the members of the veterans' affairs community both on and off of Capitol Hill.

I am proud to add my name to the list of supporters for this gentleman who has given much to his country and seeks to do even more. Jesse Brown is the right man for the job. He has earned your swift confirmation as a symbol of trust in the ample and respected record of accomplishment and leadership he has already established.

WRITTEN PRE-HEARING QUESTIONS FROM CHAIRMAN ROCKEFELLER TO
SECRETARY-DESIGNATE JESSE BROWN AND THE RESPONSES

GENERAL

Question 1. I believe that the cost of veterans benefits is a continuing cost of providing for our nation's defense. What are your thoughts on the relationship between spending and our national security, on the one hand, and the cost of veterans benefits, on the other?

Answer. I have always held the personal belief that the cost of providing for the needs of our nation's veterans—especially those needs that are based upon the incurrence of a service-related disability or death—should be regarded as part of the continuing costs of war. And if the cost of providing for America's national security is a paramount obligation on the part of our government—and indeed it is—then no less a priority should be assigned to caring for those veterans who have become disadvantaged as a result of military service in pursuit of that national security objective.

Question 2. Do you believe that the faithfulness with which the Federal government keeps its commitment to veterans through the maintenance of high quality programs of veterans benefits and services has an impact on the attitudes of our Nation's young men and women toward service in the Armed Forces?

Answer. I cannot help but believe that there is such an impact. And although I don't doubt for an instant the patriotic motivation that has inspired millions of young Americans throughout our history to respond to our Nation's call for military service in both war and peace, if our country's young men and women were to perceive that their service and sacrifice would be forgotten and unappreciated by the same government that asked them to place themselves in harm's way, then I believe our country's ability to depend upon its "citizen soldiers" would be greatly impaired. All our nation's veterans have ever asked of our national leaders is not to be forgotten when the guns of war fall silent. President-elect Clinton, in nominating a combat-injured Vietnam veteran and long-time veterans advocate to be Secretary of the Department of Veterans Affairs, has clearly taken a strong leadership role by demonstrating to our nation's veterans that their deeds—and their resulting needs—will never be forgotten by a grateful country.

Question 3A. What are your thoughts on the Secretary's role as an advocate of veterans within the Executive Branch?

Answer. As the Secretary of Veterans Affairs, I will seek to enhance and/or protect veterans' rights and benefits within the Executive Branch.

Question 3B. Do you intend to be an advocate for veterans at all levels of the Clinton Administration? If so, how?

Answer. I most certainly do intend to be an advocate for veterans at all levels of the Clinton Administration, and my advocacy will be evidenced by my personal involvement in all veterans' issues, regardless of agency. Additionally, I will open up a continuing dialogue with the other Executive Branch Departments and Agencies such as Defense, Labor, Transportation, Health and Human Services, Housing and Urban Development, and the Small Business Administration to push for proper veteran recognition and linkage with their programs and operations.

Question 4. What is your best estimate of the relationship you will have—especially in terms of access—with the President?

Answer. In my conversations with the President-elect, he has demonstrated a strong commitment to thoroughly address the concerns of our nation's 27 million veterans. He has also made it clear to me, and to the American public, that he wants the Secretary of Veterans Affairs to be a strong advocate for our nation's veterans. Based on these factors, I am certain that I will enjoy a close personal working relationship with the President-elect.

Question 5. Please describe the working relationship you intend to establish with Deputy Secretary-designate Hershel Gober if both of you are confirmed.

Answer. Mr. Gober will be my right hand and I intend to assign him the responsibility for oversight of the Department's day-to-day operations. I also expect to fully utilize Mr. Gober's long-established relationships with state and local veterans' organizations "outside the Beltway" as a valuable source of information and input.

Question 6. How would you describe the management philosophy you would employ in discharging your duties as Secretary of Veterans Affairs?

Answer. I would describe myself as a hands-on, proactive executive who encourages innovation and creativity at all levels utilizing the principles of "Total Quality Management." I will originate VA policy and guidelines, where appropriate, and articulate them to the various program managers to assist them in carrying out their duties and responsibilities. I also want to recognize and commend the commitment the Department, and its employees, have shown as one of the Federal government's leading proponents of "Total Quality Management."

Question 7. Section 523 of title 38 requires the Secretary to seek to achieve maximum feasible effectiveness, coordination, and inter-relationship of services among all Federal programs and activities affecting veterans and to promote actively the effective consideration, emphasis, or preference for veterans.

7A. How would you carry out this responsibility, especially with respect to establishing an institutional capacity in the VA to monitor other Federal programs so as to give you a realistic opportunity to promote their effectiveness?

Answer. Under the existing DVA management structure, the Office of Intergovernmental Affairs and Office of Policy and Planning are charged with carrying out many of these functions. While I would need to examine this relationship more closely, it is my belief that these functions are crucial and should be directed by a cadre of quality individuals who fully understand the broad spectrum of veterans' programs at the Federal and state government levels. This cadre, if you will, should also understand the importance of keeping the Secretary fully informed of any proposed plans or policies—at any level—that would affect VA programs, veterans, and their dependents. I would also ensure that these functional offices are adequately staffed and funded.

Question 7B. Specifically, would you affirmatively undertake under section 523 to be alert to and involved in the formulation of all Federal government policy that would or might directly affect VA programs or veterans and their dependents?

Answer. If confirmed as Secretary, I would ensure that the VA is afforded the opportunity to play a major role in the early decision-making process on all issues affecting VA programs and the people these programs benefit. For instance, because of the sheer size of the VA health-care system and the number of veterans potentially affected, the DVA must be an active participant in all national health care reform discussions.

Question 7C. Do you anticipate carrying out your responsibilities under section 523 in Cabinet-level meetings and other Cabinet activities?

Answer. Yes, I believe the Secretary has the responsibility to ensure that other Cabinet-members, and their staffs, are made aware of how veterans' programs may impact on their respective departments and agencies. I would also seek to forge close working relationships with the other Cabinet members and would encourage others in DVA leadership positions to develop close working relationships with their counterparts in other Federal departments so that veterans and their dependents can be better served. Likewise, it is my belief that other Federal government agencies would also seek to work more closely with DVA.

Question 8. Do you intend to work closely with, and give prompt and serious consideration to the recommendations of the Advisory Committee on Former Prisoners of War, established by section 541 of title 38, United States Code?

Answer. Yes, I do. Over the years, I have had a close association with America's former prisoners of war and their organizations. I deeply respect the sacrifices they have made for our country and I regard the various POW organizations and the Advisory Committee created to address their unique problems and concerns as important sources of information.

Question 9A. Do you have assurances that neither the President nor any other Administration official will prevent your appearing before a Congressional Committee which specifically requests your presence at a hearing?

Answer. At this time, I do not have any such assurances, although I do not anticipate any problems with respect to my Congressional appearances.

Question 9B. (If not) Will you seek such assurances?

Answer. Yes.

Question 9C. (If yes) Please describe the nature of the assurances and state who provided them.

Answer. Not applicable.

Question 9D. (If you are seeking them) Will you advise me of the nature and source of any such assurances you later receive?

Answer. Yes, Mr. Chairman, I will certainly advise you of the nature and source of any such assurances once I have received them.

Question 10. What is your view of the role of the VA's Inspector General and particularly the IG's relationships with the Secretary and with the Congress—particularly in terms of the IG's independence in (1) selecting matters for audit or investigation and in making findings and recommendations, (2) responding to Congressional requests for investigation, and (3) apprising the Congress of the IG's activities?

Answer. The Inspector General Act makes the Inspector General an operationally independent and objective audit and investigative organization located within the Department of Veterans Affairs. It is an invaluable resource to prevent and detect fraud, waste and abuse in the various DVA programs and operations.

The Inspector General, although under my general supervision, shall be an entity unto itself in selecting audit and investigative matters for review and ultimately in establishing findings and recommendations for the DVA and the Congress. I believe the primary function of the Inspector General is to help improve the programs and operations of DVA and that cooperation with and support of the Inspector General is essential.

All Congressional requests for investigations will be handled by the Inspector General, who shall also report back to the requestor. Finally, in addition to the statutory reporting requirements, the Inspector General is free to determine when and how to apprise the Congress of his or her activities.

Question 11. I am sure you can appreciate how important it is for the Committee to receive desired information from the VA—for example, the VA testimony for hearings, responses to Committee questions, and reports mandated by law—on a timely basis. Will you endeavor to see that the VA furnishes such material in a timely fashion?

Answer. Yes, Mr. Chairman, you can be assured the team that I assemble at the Department of Veterans Affairs will be sensitive to the needs of Congress. You can also be assured that our team will do everything within our ability to submit testimony, responses to Committee questions, and statutorily mandated reports on a timely basis. I would simply ask, as a reciprocal gesture of cooperation, the Department be given sufficient notification in order to respond in a timely manner.

Question 12. Coming from a veterans organization as you do, you have a special perspective on what an effective and proper relationship between the Department of Veterans Affairs and veterans organizations should be.

12A. Please describe what constitutes an optimal relationship and what the Secretary should do to develop such a relationship?

Answer. As you stated, coming from a veterans organization does provide me a special perspective on this issue that former heads of the Department and its predecessor agency did not enjoy. It is my belief that an optimal relationship would be centered on the principle of inclusion whereby veterans organizations have ready access to the Secretary, DVA department heads, and DVA Medical Center directors concerning matters of policy and any other issues of importance to veterans and their families. Many of the past problems between the DVA and veterans organizations could have been avoided, or at least minimized, had there been greater cooperation and communication between the parties.

Question 12B. What plans do you have for establishing and maintaining relationships with veterans organizations, especially in terms of keeping these organizations regularly advised regarding significant developments within the VA and affecting the VA?

Answer. I firmly believe that veterans' service organizations (VSOs), as the principal voices of veterans, must be afforded the right to express their views. Affording this right to VSOs must be viewed as far more than an attempt to simply "just get along." Rather, I believe, it is a Departmental duty and benefits the Department in a number of ways. To carry out this duty, I would meet on a regular basis with the heads of the various veterans organizations to not only inform them of the Department's plans and policies, but to also seek their input on how the Department can best serve America's veterans. I would also strongly encourage other DVA department heads and VA Medical Center directors across the nation to continue to hold similar meetings with members of the veterans community. Again, under my principle of inclusion, I would institute an "open door" policy at all levels within the Department of Veterans Affairs.

Question 12C. In your many years of service with the DAV you have worked with many other veterans organizations, and your ability to work with veterans organizations could be one of your great strengths as Secretary. Do you foresee any problems working with other veterans organizations as a result of your close association with a particular organization, namely DAV?

Answer. I appreciate your acknowledgement of my past success in working with various veterans organizations and I share your belief that this association with veterans organizations will be a definite asset to America's veterans in the days ahead. While I fully understand and appreciate your concern about my close association with the DAV, rest assured that my tenure as Secretary of the Department of Veterans Affairs will be marked by fairness and appreciation for all veterans who served our great Nation in times of war and peace.

Question 13. As Secretary, what policies do you plan to adopt in order to encourage open communications between VA employees and members of Congress or congressional staff?

Answer. As the next Secretary of Veterans Affairs, I would hope to develop a close working relationship with Congress and, based on mutual concern and respect, that most Congressional information requests would be directed to my office. I believe that to be effective in advancing and protecting veterans' rights we in DVA must speak with one voice. I believe it is the nature of our system of government that those appointed by the President develop and articulate major policy. I believe just as strongly that DVA positions must be developed with experts from inside and outside the Department. Of course, DVA employees, as do all private citizens, retain the right to consult and communicate with Congress. I also anticipate many DVA employees continuing their roles as official spokespersons and technical experts at the request of Congress.

Question 14. What role do you anticipate playing in selecting the nominees for other Presidential appointees in the Department of Veterans Affairs?

Answer. I intend to work closely with the President-elect in selecting these individuals to ensure that we have the best team available to serve our nation's deserving veterans.

BUDGET FOR VETERANS PROGRAMS

Question 15. Despite Congress' consistent efforts over the last 12 years to increase the President's requested funding for VA medical facilities just in order to preserve the VA health-care system's ability to provide quality care, VA has experienced very troublesome Medical Care account shortfalls in recent years.

15A. Have you had any discussions about VA funding in general and medical-care funding in particular with the incoming top leadership of the Office of Management and Budget—either OMB Director-designate Leon Panetta or anyone else who is or will be in OMB?

15B(i) (If so:) Please describe the nature of the discussions and what you think those discussions will mean for VA medical-care funding and VA funding in general.

Answer. I have not yet had an opportunity to discuss VA's funding needs with Office of Management and Budget (OMB) officials.

Question 15B(ii) (If not:) Please describe any plans you have for establishing effective working relationships with OMB officials?

Answer. Adequate funding for VA is obviously a top priority. I intend to establish an effective working relationship with OMB as a first order of business when confirmed.

Question 15C. In the past, the Congress has seen many instances of the Office of Management and Budget cutting the funding which the VA believed was needed and which it had requested for various programs. What efforts would you make to ensure that the OMB approves your funding requests and, if it does not, directly seek approval from President Clinton?

Answer. In dealing with the OMB on DVA's budget request, I intend to provide them with sound and reasonable information to document VA's budget needs. If it comes down to disagreement over what I believe to be VA's ability to provide vital health care and benefits' delivery to our nation's veterans, I will take my case to President-elect Clinton.

Question 16. Please describe how you intend to reconcile the goals of both reducing the deficit and ensuring that our nation's veterans receive the benefits and services they deserve?

Answer. As Secretary of Veterans Affairs, I intend to run the VA in an efficient and cost effective manner and hope to identify areas where cost savings can be generated through more efficient operations without jeopardizing service to America's veteran population.

I wish to add, however, that veterans' benefits and services have not contributed to the federal deficit as have other federal entitlement programs. For example, between Fiscal Years 1950 and 1992, federal outlays for veterans' benefits and services have increased by a ratio of 4 to 1 compared with a 307 to 1 ratio for Social Security; 303 to 1 for health; 189 to 1 for education, training, employment and social services; and a 45 to 1 for income security. Additionally, between Fiscal Years 1977 and 1991, the percentage of federal outlays for VA has declined from 4.4 percent to 2.2 percent.

Question 17A. Do you foresee a need for a supplemental appropriation for any VA discretionary spending accounts for FY 1993?

17B. (If yes:) How much funding is needed and where are the shortfalls occurring or where will they occur?

Answer. I have not yet had an opportunity to fully analyze and assess VA's Fiscal Year 1993 funding needs. However, should a supplemental appropriation be needed to fulfill the Department's obligations to America's veterans, I will seek one.

Question 18. Under your leadership, the DAV, along with other veterans organizations, developed the Independent Budget—a most valuable annual assessment of VA's funding needs.

18A. What are your views on how the Independent Budget recommendations should be taken into account in Congress' consideration of the FY 1994 budget?

Answer. I believe that the Independent Budget has had a significant impact on DVA funding. The Independent Budget has been both praised and quoted from by the Senate and House Veterans' Affairs Committees. Additionally, Senator Mikulski, who chairs the Senate Appropriation Subcommittee on VA, HUD and Independent Agencies, has remarked publicly on several occasions that the Independent Budget has helped her tremendously in her efforts to assess the funding needs of DVA.

Question 18B. How should the Independent Budget recommendations be figured into the Clinton Administration's consideration of the FY 1994 budget?

Answer. I can assure you that the Independent Budget recommendations as well as the views of other veterans' service organizations will be given careful consideration when assessing DVA's Fiscal Year 1994 funding needs.

Question 19. What steps will you take to ensure that the Veterans Benefits Administration has sufficient resources—which, given the VA's current inability to meet appropriate claims application-processing quality and timeliness standards, would clearly seem to mean more resources than it currently has—to enable it to meet those standards?

Answer. As you well know, for many years now, DVA's Veterans Benefits Administration has been unable to meet quality and timeliness standards. Next year's projections, especially in the area of timeliness, are abysmal. As Secretary of Veterans Affairs, I intend to vigorously pursue a course of action that will identify quality and timeliness problems within VBA, devise a plan to restore good services to veterans and seek the resources necessary or changes in the way we do business to accomplish these goals.

HEALTH

Question 20. As you know, national health-care reform is one of the new Administration's top priorities. Similarly, pressure has been building over the past two years for reform of entitlement and eligibility for VA health-care services.

20A. To which groups of veterans do you believe VA is morally obligated to provide health-care services?

Answer. This nation made a promise to its citizen soldiers that it would provide them with the care that they may need after having served in harm's way. It is my view that our nation has a moral obligation to fulfill that promise to those veterans who are disabled in connection with that military service.

Question 20B. What are your present views concerning how entitlement and eligibility for VA health-care services might be reformed?

Answer. I believe that the "American Veterans' Health Care Reform Act of 1992" developed by the various veterans' groups and experts from the medical community represents a starting point for defining entitlement and eligibility for VA health-care services. In that proposed legislation, a "core-entitled" group of veterans and a "general eligibility" group are defined. The core-entitled group consists of service-connected veterans and other veterans currently defined in Section 1710 of Title 38. All other honorably discharged veterans outside of the basic core groups would be eligible for care. However, their eligibility would be contingent upon the ability to offset costs through reimbursements by federal or other third-party payors, direct payments, or purchased managed care packages. Further, a nondiscretionary Congressional appropriation would be made for the cost of care to be provided to the core-entitled group of veterans.

Question 20C. What actions will you take to ensure that the Administration's health-care reform proposal incorporates appropriate consideration of the implications of that proposal for the VA health-care system?

Answer. I believe it is crucial to both veterans' health care and to the national health care reform effort for the Department to maintain active and open communications with the President's Health Care Advisory Group directed by Judith Feder, as well as the Departments of Health and Human Services, Defense and others with an interest in health care reform. I strongly believe it would be mutually beneficial to have an appropriate DVA representative participating on that Board.

Question 20D. What ideas do you have for bringing VA expertise, experience, and data into the new Administration's discussions concerning national health-care reform?

Answer. It appears to me that there is a need for an extensive educational effort concerning the attributes of the DVA health care system government-wide. The Department of Veterans Affairs has not done a good job of becoming a player in the national health care arena and as a consequence little is known or understood about it and there are many misconceptions. It is important that this situation be changed if the Department's views are to be properly incorporated into the Clinton Administration's health care reform proposal.

Among the things I will consider to immediately rectify this situation are the following:

- Conduct briefings for appropriate staff of the White House, Office of Management and Budget, Department of Health and Human Services, Department of Defense and other federal agencies to ensure an awareness of all the Department's health care activities that make up veterans' medical care;

- Seek to sponsor working discussions among the federal parties involved in health care reform activities that incorporate the DVA staff;

- Expand the Department's relationship with the Agency for Health Care Policy and Research (AHCPR) to ensure that all data-gathering mechanisms are compatible, meet each agency's needs and are not duplicative. Also, our Department should investigate the possibility for greater involvement of DVA in the process of developing practice guidelines for health care providers.

Question 20E. What planning tools could VA contribute to the process of overall health-care reform?

Answer. I am not yet fully familiar with the Department's existing planning mechanisms, however, I am aware of our effort to create a National Health Care Plan representing a strategic plan for the provision of veterans' health care in the future. Clearly such a strategic plan is necessary and appropriate; however, it must be based on reasonable demographic projections that can only be developed after eligibility reform decisions are finalized.

Question 21. In your view, what are the three most pressing issues facing the VA health-care system today and what strategies will you employ to address these matters?

Answer. The three most pressing issues facing the Department's health care system today are essentially the same as those facing the nation's health care system as a whole: quality of care; eligibility reform or access; funding or financing and cost-containment.

- Quality of Care—Trying to do too much with insufficient resources has apparently created a situation in which it is necessarily impossible for DVA health care facilities to maintain a consistent level of high quality in the services it

provides. DVA will provide top quality health care to the veterans it serves. I plan to examine the current quality assurance mechanism in DVA, the extent of and effectiveness of the application of "TQM" principles and the extent to which problems that exist are systemic and can be aided by good management and enthusiastic leadership, and/or are due to lack of resources or other difficulties.

Eligibility reform—In my view, the Department's health care system, along with other federal and private systems, is currently encumbered with an irrational, inconsistent, and inappropriate series of definitions under which veterans may be treated in various delivery settings. Until this is remedied veterans will continue to be faced with difficulties in accessing and receiving the care they need and to which they are entitled.

The Department has been actively involved in a process of examining eligibility reform since the recommendations of the Commission on the Future Structure of DVA's Health Care were received. I have received a draft copy of the proposals of the DVA Eligibility Reform Task Force, although, I have not had the opportunity to fully analyze or to be briefed on them. I will seek such an in-depth briefing early into my appointment. Further, I anticipate the need for extensive discussions with the Office of Management and Budget as well as the President's Health Care Advisory Group to ensure that DVA's proposal for reforming eligibility will be consistent with and complementary to the President's effort to reform national health care.

Funding—It has long been said that the DVA health care system has been substantially underfunded. Definitions of current services levels have been a point of contention since Fiscal Year 1988. Absent sufficient resources to provide the services required by veterans, more and more of America's veterans have been turned away from DVA facilities or have chosen not to seek care from the DVA because of reports of the erosion of the quality of available care. Like the relationships between cost and access in the national health care reform debate, the Department's funding issue is necessarily associated with resolution of the eligibility issues. Currently, it appears that the tail is wagging the dog. What is needed is a rational determination of who will be cared for by DVA, for what, how much it will cost and how it will be funded.

My strategy for ensuring sufficient funding for DVA health care will be incorporated into my overall approach to reforming the DVA health care system.

Question 22. Regarding the relationship between the Secretary of Veterans Affairs and VA's Chief Medical Director:

22A. How do you believe decisions should be made about the day-to-day management of VA's health-care system and issues which are more long-term, such as planning and quality management?

Answer. Recognizing that the Secretary of Veterans Affairs is statutorily responsible for the proper execution and administration of all laws administered by the Department and for the control, direction, and management of the Department, I expect to be fully involved in all decisions pertaining to long term planning activities and quality management of the Veterans Health Administration, as well as the Veterans Benefits Administration, and the National Cemetery System. I believe the primary responsibility and expertise of the Under Secretary for Health should be the day-to-day management of the health care system. I anticipate, however, that full briefing mechanisms will be established and maintained to ensure that I am advised of all significant activities, decisions and problems in a timely manner. As I am particularly interested in the plans for the future of the DVA health care system and in the assurance of quality health care for our nation's veterans, I will maintain a close association with these areas.

Question 22B. How do you plan to handle any disagreements that may occur between you and the CMD?

Answer. It is my preferred management style to afford the opportunity to my senior advisors to provide me with their full input on all subjects. I respect and require their expertise in their fields. However, given my ultimate responsibility for the Department, I will expect their full support of any final decision, even if that decision differs from their recommendations. To the extent reasonable and possible, I would, in turn, expect to provide them with an explanation for my decision and the basis for the difference. In short, I believe in teamwork.

Question 23. As you are aware, the funding level of VA's medical care account for fiscal year 1993 is barely adequate to maintain in the current year the quantity of services provided in FY 1992. In addition, VA has an accumulated medical equipment backlog that will total \$900 million by the end of FY 1993. The medical and prosthetics research account, which received \$10 million less than the Administra-

tion had requested for fiscal year 1993, is also in very serious condition with only 33 percent of approved proposals expected to be funded this year.

23A. What actions will you take to ensure that budget requests sent to Congress in the future provide adequate funds for the medical care and medical and prosthetics research accounts?

Answer. I expect to work closely with the Under Secretary for Health and the Office of Management and Budget in developing the Department of Veterans Affairs budget request. As a result of that effort I hope to be able to ensure that Congress receives a request that will provide for adequate funding of all of the Department accounts. However, if it becomes necessary I will ask the President to provide for adequate funding of the DVA in his budget request as defined in the DVA budget development process.

Question 23B. When, and under what circumstances, would you consider it appropriate to notify Congress of funding difficulties in the medical care and medical and prosthetics research accounts?

Answer. If Congressional action would require additional programs or services but would not provide additional funding, I would find it appropriate and necessary to so advise the Congress. Further, if insufficient funding of the Department's programs and activities by the Congress was such as to jeopardize the DVA's ability to perform its mission in a satisfactory manner, I would so advise the Administration and the Congress.

Question 24. As you know, in addition to its primary mission of furnishing high-quality health-care services to eligible veterans, the VA health-care system has three other principal missions: carrying out medical and prosthetics research; providing educational experiences for health-care personnel; and serving as a backup to the Department of Defense health-care system in time of armed conflict or national emergency.

24A. Please share your views regarding the relative importance of each of these four missions to VA, veterans, and the Nation as a whole.

Answer. The four missions of the DVA are symbiotically integrated. Of prime importance and paramount to DVA is the timely delivery of quality health care. The effective delivery of health care is supported by, as it also supports, the education and training effort of DVA. The important contributions to the advancement of medical science and technology, particularly in the areas of the programs and specialized treatment modalities unique to veterans' services, are made possible in part by the opportunities afforded by the veterans' health care system. I believe the existence of the research and education and training missions of DVA serves to improve the quality of care provided veterans by enhancing DVA's ability to recruit and retain talented physicians and other health care professionals and at the same time creates a vibrant, exciting, and challenging health care environment. And, the DVA mission of providing health care support to the Department of Defense during times of armed conflict or national emergency is an important, logical and efficient extension of the nation's health care resources to its soldiers, sailors, airmen, and Marines—our future veterans.

Question 24B. Please describe any plans you may have for altering VA's relationships with affiliated medical schools, the Department of Defense health-care system, the National Institutes of Health, and community health-care facilities in carrying out these missions?

Answer. At this time I have no particular plans for altering DVA's relationships with affiliated medical schools, the Department of Defense health care system, the National Institutes of Health, and community health care facilities in carrying out the missions of the DVA. However, to the extent that altering those relationships would improve the DVA's ability to fulfill its missions, plans will be developed and appropriate action taken. Using the relationships with medical schools as an example, I hope to work with the Association of American Medical Colleges (AAMC) to ensure that, as the Department's health care system changes, its relationships with medical education will effectively evolve as well. However, underlying all of my actions in this arena will be the premise that affiliation and education must be responsive to the service needs of veterans, not the other way around. This premise will be similarly expounded in defining/altering relationships with other Departments and agencies.

Question 25. During the past decade, VA has made considerable strides toward ensuring that women veterans have the same access as men veterans to appropriate, high-quality health-care services.

25A. Describe generally your understanding of VA's current capabilities and programs for meeting the health-care needs of women veterans.

Answer. It is my understanding that in recent years the DVA has made considerable progress toward accommodating the particular health care needs of women vet-

erans and ensuring that their access to health care parallels that of male veterans. Among the Department's efforts have been the provision of complete physical examinations for women, including breast and pelvic examinations, Pap tests, compliance with mammography standards, and the improvement of patient privacy for women in DVA facilities. Further, each DVA medical center is required to have a Women Veterans Coordinator to oversee the women veterans' programs, assess the needs of the women patients, and make recommendations to the facility director to ensure compliance with all policies and regulations.

Question 25B. Please describe the actions you will take to ensure appropriate implementation of the sexual trauma services and women's health services provisions of Public Law 102-585.

Answer. I have not yet had the opportunity to fully examine the provisions of Public Law 102-585, nor have I yet formulated any implementation plans for the provisions of that law. However, I am supportive of the need for the Department to promptly provide necessary counseling services to overcome psychological trauma which may have resulted from physical assault, battery of a sexual nature, or sexual harassment that occurred during active duty. Furthermore, I am fully supportive of the provision of "well-women" services to female veterans in the context of the expansion of VHA preventive medical services. To the extent that these services are extended to women, a similar need exists to provide appropriate preventive medical services to male veterans.

Question 25C. How do you intend to work with the Advisory Committee on Women Veterans established under section 542 of title 38, United States Code?

Answer. I look forward to an open and informative relationship with the Advisory Committee on Women Veterans and will regularly consult with and seek the advice of the Committee on the administration of benefits to women veterans, as well as the needs of women veterans with respect to compensation, health care, rehabilitation, outreach, medical research and other benefits and programs within my purview.

Question 26. Over the past few years, VA's ability to recruit and retain nurses and physicians has improved significantly, due, in large part, to provisions of Public Law 101-366 and Public Law 102-40 which provide VA with greater flexibility to provide these health-care professionals with competitive salaries.

26A. What actions will you take to ensure that VA continues to recruit and retain adequate numbers of these and other health-care professionals?

26B. What are your plans for supporting the role of nursing and allied health professions in VA?

26C. Do you anticipate examining current staffing patterns to assess their adequacy?

Answer. I am pleased that the Department's ability to recruit and retain nurses and physicians has improved. I believe that the DVA requires the flexibility in recruitment and compensation necessary to ensure that it is competitive among other health care providers. The alignment of nurse pay scales with local market salaries has assisted a great deal in that respect. I will continue to monitor the effectiveness of this geographically-based, pay-setting mechanism. As a result of closely monitoring this situation, it would be my intention not to let VA medical care personnel salaries lag so far behind their counterparts but come forward with salary proposals as soon as warranted. Further, I am concerned that appropriations for personal services remain adequate to cover the bonus pay necessary for VA to attract the caliber of physicians and nurses we want treating our veteran patients.

Although I have not yet developed any specific plans with respect to the role of nursing and the allied health professions, I can say that I believe that collectively these professions represent that foundation of the Department's health care system. Moreover, every effort should be made to ensure that these providers are available, now and into the future, to serve the needs of the veteran patient. To that end, I look forward to examining the VHA's findings with respect to the shift rotation study that I understand has been conducted.

Question 27A. Describe your plans for implementing the provisions of title II of Public Law 102-585 which expand, through October 1, 1996, the authority provided to VA under section 8111 of title 38 to share medical resources with the Department of Defense.

Answer. I am supportive of the expansion of sharing activities between the Department of Veterans Affairs and Defense, however, I have not yet developed any specific implementation plans relative to the provisions of Title II of Public Law 102-585.

Question 27B. The Commission on the Future Structure of Veterans Health Care, many veterans' service organizations, and some Members of Congress have proposed enactment of legislation that would authorize VA health-care facilities to receive re-

imbursement from Medicare and Medicaid for care furnished to veterans entitled to Medicare or Medicaid benefits. What are your views on this issue?

Answer. As one of a number of components to reforming the veterans' health care delivery and financing systems, I generally advocate that the DVA be able to collect and retain funds from all secondary payors, including Medicare, for the treatment of those veterans who are not among the core-entitled group. I base that position on the belief that the Department should not continue to subsidize Medicare by treating Medicare-eligible veterans who have basic eligibility but no priority for DVA care.

SHARING WITH DEPARTMENT OF DEFENSE

Question 28A. What is your view on the current level of sharing of health-care resources—including data processing—between the VA and Department of Defense, and what do you believe should be done, if anything, to increase that level?

Answer. I believe the concept of sharing between the Departments of Veterans Affairs and Defense (DoD) represents a vast area of potential that has not yet been fully explored. Currently, DVA has literally thousands of sharing agreements with DoD. The majority of sharing is conducted not from a direct patient care perspective, but rather from a shared services perspective such as laboratory and laundry services, etc. Certainly this type of sharing is needed and clearly beneficial to both departments. I plan to encourage the expansion of such arrangements. I also believe the time is upon us when we must look beyond the traditional method of sharing and move toward the actual provision of direct health care services between the beneficiaries of both health care systems. It makes little sense for DoD to pay premium dollars to nonfederal providers of health care services when the same care could be purchased from DVA at less cost while maintaining the same, or in many cases, greater quality of care. I will bring this issue to the table and search for ways to encourage sharing arrangements by providing meaningful incentives for both departments.

Question 28B. What other areas of DoD/VA linkage will you be exploring to improve the efficiency of both Departments in providing common or complementary services to the public?

Answer. Pure economies of scale dictate the need for the Departments of Veterans Affairs and Defense to more fully collaborate on our respective, as well as joint, needs. The purchase of pharmaceuticals and other medical supplies and equipment creates opportunities for cost savings and efficiencies that have significant potential benefits. Also, I plan to continue and, whenever possible, expand DVA's joint ventures with the Department of Defense in the construction or acquisition of needed medical facilities.

MENTAL HEALTH

Question 29. The General Accounting Office, in a 1992 report, entitled "The Quality of Care Provided by Some VA Psychiatric Hospitals is Inadequate," noted serious deficiencies in the identification and resolution of quality-of-care problems at VA psychiatric facilities. The 26 VA facilities that provide primary psychiatric care have also experienced serious recruitment problems in recent years. In addition, the Committee has received reports that the reimbursement mechanisms through which those (and all VA) hospitals' operating budgets are determined are intended to encourage short-term inpatient treatment and outpatient care, goals which are not always achievable or appropriate for patients with severe, chronic mental illnesses. Please describe your views on the state of VA's neuropsychiatric facilities, in which areas you see needs for improvement, and how you would ensure that the quality of care provided at these facilities is ensured.

Answer. As in the case for all DVA programs, I intend to examine the adequacy of the neuropsychiatric care provided by DVA facilities. Until I have completed such a review, it is premature for me to offer an assessment of the current quality of that care. Generally, I expect that the efforts of VHA's Mental Health and Behavioral Sciences Services will be helpful in accomplishing that assessment. Further, I expect to generally examine the adequacy of VHA's resource allocation methodology for meeting the operating and patient care needs of all DVA health care facilities. In keeping with my expectation that DVA will provide top quality health care services to veterans, I intend to extend considerable accountability to facility directors in identifying and correcting quality-of-care deficiencies.

Question 30. One of my concerns in the area of mental health care is that veterans with mental illnesses, particularly severe and chronic conditions, are often unable to advocate for themselves and are not effectively represented by any advocacy organizations. Thus, their issues of concern in the area of health care are not pre-

sented to either the Administration or the Congress with the same frequency or effectiveness as are other issues relating to VA health care. Unfortunately, the result is that these veterans' health- and mental-health-care needs are sometimes given short shrift. How will you ensure that the interests of chronically mentally ill veterans are identified and adequately addressed?

Answer. I understand the concerns about the absence of advocates for the chronically, mentally ill veteran. I will work with the veterans' service organizations to identify an appropriate mechanism for ensuring that the health and mental health care needs of this group of veterans are properly identified and presented to the Administration and the Congress.

Question 31. In recent years, Congress has included additional funding in appropriations Acts for certain mental-health care programs, such as PTSD, substance abuse, and compensated work therapy. These add-ons have been provided for the specific purpose of funding new programs and program expansions in the targeted areas, and separate accounts have been established in Central Office from which approved programs can receive funding. However, as the result of extreme budgetary pressures, individual facilities apparently have proposed, and received funding for, new programs but then often used the centrally provided funds to cover the expenses of already existing staff and programs and did not create the new programs for which the funds were provided. In addition, at the Central Office level, there have been instances when funds allocated for specialized mental-health initiatives have been withdrawn without the knowledge of the responsible program officials who had developed plans based on the amounts allocated. These activities have made it extremely difficult to determine whether funds appropriated by the Congress for specific purposes, or allocated internally by VA for mental-health initiatives, were spent for the purposes they were provided. How would you ensure that funds appropriated to VA for specific purposes are spent accordingly?

Answer. To the extent that funds have been earmarked for needed programs for veterans, I will ensure that these funds are so spent and will hold program officials and facility directors accountable for evidencing the appropriate expenditures. However, to the extent reasonable, the DVA needs the flexibility to determine how best to allocate its funding. In the rare cases that it may be necessary to reprogram funds, I would expect to work with all concerned program officials in achieving the result most beneficial to veterans health care services without undue emphasis on parochial programmatic interests.

POST-TRAUMATIC STRESS DISORDER

Question 32. Although VA officials have consistently stated in recent years that providing needed care and services to veterans suffering from PTSD is a high priority, additional funding for specialized PTSD services has not been requested. Chronic waiting lists for treatment—and even for initial screening—persist at specialized VA PTSD programs. The most recent report of the VA's Special Committee on PTSD found that veterans were waiting as long as five months to be screened and another 13 months for admission to treatment. This situation is totally unacceptable.

32A. Please describe the priority that you believe VA should place on providing care to veterans with PTSD and how you would ensure that that priority is manifested in budget requests and programmatic planning?

Answer. Generally speaking, the most prevalent etiology of Post-Traumatic Stress Disorder (PTSD) among veterans treated by the Department is rooted in combat or combat-related causes. This being the case, and the probability that the presence of PTSD is a direct result of the veterans' military service, I believe DVA should place a priority on furnishing quality care to this segment of DVA's patient population. The Department's National Center for PTSD is and will continue to be a valuable asset for research, education and different treatment modalities. I believe the DVA needs to establish a comprehensive array of treatment modalities that addresses the varying levels of care required of veterans. The Department must be able to timely provide the acute phase of care and importantly, offer veterans adequate follow-up care to maintain themselves in the community.

Question 32B. What is your assessment of the unmet treatment need among veterans with PTSD?

Answer. In response to Public Law 98-160, DVA contracted with Research Triangle Institute (RTI) to conduct a study of the prevalence and incidence of PTSD and other psychological problems in the population of Vietnam theater veterans. During November 1988, RTI released their study which has become known as the National Vietnam Veterans' Readjustment Study (NVVRS). In the broad sense, the NVVRS portrays good news for Vietnam veterans given the fact that the majority of Vietnam theatre veterans have made a successful transition to civilian life and

experienced few symptoms of PTSD. This good news takes on even more importance considering the post-Vietnam conflicts we have been engaged in.

Question 32C. How would you address the chronic waiting lists and long waiting times for treatment at specialized PTSD inpatient treatment units?

Answer. Clearly, additional attention needs to be focused on the specialized inpatient units which serve as the Department's most intense level of care. In all probability, given veteran demand and the limited number of specialized inpatient units, additional resources dedicated to this level of treatment will have to be considered. I believe, however, DVA is in a position to do significantly more with the resources now available. It is imperative that the different PTSD programs effectively communicate and share their experiences of varying therapeutic approaches. The Department needs to be able to replicate the kinds of programs that are proven effective and abandon those proven to be ineffective. The DVA's National Center for PTSD will address the Department's future direction by assisting program providers on how to best utilize PTSD resources, effectively integrate services and provide the best overall acceptable plans.

Question 33. Do you believe that a combat-theater veteran who has been diagnosed by a VA mental-health professional as suffering from PTSD related to combat service should be forced to await a formal adjudication on the issue of service connection before receiving VA treatment on a priority basis for the disorder?

Answer. I believe there is existing authority that permits DVA to provide needed medical treatment, on a prima-facie basis, to a veteran pending the adjudication of a claim for disability benefits. In the case of a Vietnam veteran seeking treatment for PTSD, the availability for treatment at a Vet Center exists without regard to service-connected status. Therefore, the veteran cited in your question should be provided DVA care.

READJUSTMENT COUNSELING SERVICE

Question 34. During the past year, there have been discussions within VA focusing on a changed management structure for the Readjustment Counseling Service (RCS) and suggestions by certain VHA officials that the mission of the Vet Centers should be modified. (Attached is a copy of a November 6, 1992, letter that eight other members of this Committee and I sent to the VA Chief Medical Director on this issue.) As you know, RCS is located within the VHA structure but is directed by an RCS Central Office component and RCS regional managers and their staffs in seven field offices.

What are your views on the current mission and management structure of the RCS?

34A. Do you believe either the mission or management of RCS should be modified?

34B. If yes, please explain what changes should be pursued and why.

Answer. As you know and I'm sure appreciate, I have no direct knowledge of internal memorandums or discussions concerning possible changes to the established missions or management of the Readjustment Counseling Service (RCS) and, therefore, must defer a definitive response to this question. Given what is known about DVA in general concerning the need for eligibility reform, however, I believe Vet Centers can continue to fulfill their unique role of providing readjustment and counseling services to certain veterans, while simultaneously expanding services to other veterans eligible for DVA medical services. Specifically, I plan to explore the feasibility of modifying Vet Centers' missions to the point of providing a wide array of basic medical services to include, but not limited to, psychological counseling services for World War II and Korean War-era veterans, preventive medicine and basic screening procedures. By having authority to place Department doctors, nurses, physician-assistants, dieticians and other allied health professionals in Vet Centers on either a full or part-time basis, DVA should realize a "bigger bang for the buck." I believe the Department must be where veterans are—in the community. The proven success of Vet Centers as a cost-effective community-based outreach program should, with minimal adjustments, be able to be replicated as community health clinics without losing sight of their original intent. As Vietnam veterans age their needs change and DVA should also change to meet those needs.

Question 35. In the 102nd Congress, legislation was enacted that expanded eligibility for readjustment counseling to post-Vietnam-era veterans who served in a combat theater. However, the Bush Administration objected to our Committee's proposal to allow veterans of World War II and Korea to receive counseling services to overcome any psychological problems associated with combat service. What is your position on allowing current veterans of World War II and Korea to receive such counseling services?

Answer. I support the Committee's concept of allowing veterans of World War II and Korea, as I outlined in Question 34, to receive needed counselling services to overcome any psychological problem associated with their combat service.

HOMELESS VETERANS

Question 36. The best available estimates indicate that between one-third and one-half of homeless males are veterans and that, on any given night, there may be as many as 250,000 homeless veterans.

36A. Please describe your views as to the nature of VA's obligation to assist homeless veterans and what you think is the best way of reaching out to homeless veterans so as to address their many health and non-health problems, particularly their shelter and employment needs?

Answer. The Department has both a moral and legal obligation to assist homeless veterans. The thought that approximately as many as one-half of homeless males are veterans is unconscionable. The issue of reaching out to homeless veterans to address their many problems requires a holistic approach. It is not enough to provide "shelters;" rather, the problems leading up to homelessness need to be addressed. We must bear in mind there is no single answer to this multiple issue problem and all agencies, public and private, must be called upon to provide their expertise and respective services. If any one service provider fails to live up to its responsibility the potential for success is diminished significantly.

The Department currently has two very effective, yet generally understated, programs to serve homeless veterans—the Health Care for Homeless Veterans Program (formerly Homeless Chronically Mentally ill (HCMI)) and the Domiciliary Care for Homeless Veterans Program. Additionally, the Department of Labor operates the Homeless Veterans Reintegration Project (HVRP). I believe the Departments of Veterans Affairs and Labor need to work together on their respective programs. I also believe that a better working relationship needs to be developed with the Department of Housing and Urban Development (HUD). And I intend to establish such relationships with the new Secretaries.

As I stated, more than shelter is needed. There are several programs, in addition to the Department programs, that are providing meaningful assistance to homeless veterans to become competitive in the labor market. Additionally, these programs provide substance abuse counseling and other services to help homeless veterans become self-sufficient.

Recent legislation gives the Department more flexibility in providing foreclosed properties to be used for homeless veterans. I believe we must provide for transitional housing for homeless veterans and their families as they strive to again become productive citizens.

Question 36B. How would you ensure that efforts to assist homeless veterans—in both the benefits and health-care areas—are coordinated within VA and among VA and other federal agencies, and linked to programs and services offered by States, and nonprofit organizations?

Answer. As previously stated, I believe private and public sector organizations and groups must be called upon to assist homeless veterans. In addition to the provisions outlined in Public Law 102-405, I will consider establishing a task force to look at the various programs at the federal, state and local levels, both public and private, and seek recommendations on how best to coordinate with existing services and seek out additional services.

Question 36C. What other ideas do you have for helping to meet homeless veterans' needs?

Answer. I want to look into the possibility of providing veterans, who are in danger of losing their VA guaranteed home, financial counseling as an early intervention process to assist them in debt restructuring and other financial methods to avoid foreclosure. I need to review the work of the already established special working group on homelessness and see what has been successful. As I indicated, the VA is already pursuing several successful initiatives which should be continued and possibly expanded upon.

Question 37. Under section 107 of the Veterans' Medical Programs Amendments of 1992 (Public Law 102-405), the Secretary is required to assess all VA programs that are designed to assist homeless veterans and to seek to replicate successful programs. The legislation also requires that the director of each VA Medical Center or Regional Office, in consultation with other federal departments and State and non-governmental organizations, assess the needs of homeless veterans in the facility's service area and identify programs that are successful in assisting homeless veterans. These assessments should prove extremely useful in identifying what the unmet needs of homeless veterans are at the local level and where additional serv-

ices are needed and should help to ensure that scarce VA resources are not utilized to create duplicative services.

37A. How will you ensure that these assessments are given a priority at the local level and carried out in a thorough and timely fashion?

Answer. As noted in my response to Question 36B, I will communicate the need for a timely and thorough assessment to the directors of all medical centers and regional offices.

Question 37B. The legislation does not establish a timeline for these assessments. What do you think is a reasonable timetable for these being done and would you agree to report to the Committee your evaluation of what is learned from the assessments?

Answer. I believe much is already known about the problems of homeless veterans at the regional office and medical center level. Initiatives need to be taken to bring all the information together. It is difficult to say at this time what would be a reasonable timetable. I can assure you, however, it will be one of my top priorities since President-elect Clinton has indicated that homelessness among veterans is one of his top priorities. I can assure you that we will work toward establishing meaningful programs and developing solutions to address the needs of homeless veterans. Certainly, as we move toward assessing the needs of the homeless, we will share the results of our evaluation with the Congress.

Question 38. Public Law 102-54 established a \$100,000 revolving fund from which loans of up to \$4,500 could be made to an organization for the purpose of establishing a drug- and alcohol-free group home for veterans recovering from substance abuse. This program was modeled on the successful "Oxford House" program. However, because of an extremely slow implementation process, no veterans have benefited from the program up to this point. Would you please look into this matter during your first month in office and report on what your views of this program are and how you will ensure that it is carried out consistent with the law?

Answer. I will be delighted to look into the Revolving Fund Program established by Public Law 102-54 and report back to you as soon as possible.

PROSTHETICS AND SPECIAL-DISABILITIES PROGRAMS

Question 39. In FY 1991, VA instituted centralized funding for prosthetics programs in the wake of an extensive oversight effort by the Committee which identified, among other problems, enormous backlogs in prosthetics orders and a common practice of hospitals not providing needed prosthetic devices in a timely manner so as to use prosthetics funding to fund other pressing needs. Since the implementation of centralized funding and the concurrent strengthening of the Central Office oversight function and the qualification standards and training for prosthetics clerks and chiefs, vast improvements have been made. Although there was concern during FY 1992 that some directors were making inappropriate charges to the centralized prosthetics account in order to relieve budget pressures in other areas, the monitoring of the centrally provided funds reportedly has enabled such inappropriate practices to be identified and stopped. Recently the Committee was advised that consideration had been given to discontinuing centralized funding for prosthetics, but that the decision was made by the Acting Secretary to maintain it. What are your views on the merits of centralized funding for prosthetics and would you continue to ensure that centralized funding is maintained?

Answer. The implementation and maintenance of centralized funding for DVA's prosthetic and sensory aids programs is, in my view, absolutely essential in order to continue to provide the most severely disabled veterans with quality prosthetic services on a timely basis. Reverting to decentralization of prosthetic funds would surely jeopardize the delivery of these services. Therefore, I plan to continue the current centralized accounting process.

Question 40. VA's Blind Rehabilitation program was examined closely in connection with the Committee's 1990 oversight efforts. For the past two years, the number of veterans on waiting lists for blind rehabilitation services has remained at approximately 1,000. VA's response thus far to the problems identified at the Committee's June 1990 hearing have been: first, adding one new staff position in the Central Office Blind Rehabilitation program; second, funding of a new blind rehabilitation center at the Tucson, VAMC; and, third, developing a strategic improvement plan. The problem of chronic waiting lists and long waiting times for blind rehabilitation services, which are not widely available outside of VA, will clearly be addressed only to the extent the improvement plan is carried out. What commitment will you give to the Committee that you will carry through on the implementation of this plan?

Answer. Although I am aware of problems and issues facing DVA's Blind Rehabilitation Program, I do not at this time possess adequate knowledge of DVA's strategic plan aimed at addressing an intolerable waiting list. The DVA Advisory Committee on Prosthetics and Special Disabilities Programs has been established to identify, examine, and make recommendations regarding issues of this nature. Because of the high priority and importance I've placed on meeting the needs of the most severely disabled veteran, I will closely and personally follow the progress of this Committee and very carefully consider the recommendations they offer. It is obvious that the aging of our veteran population will result in a higher incidence of blindness, vision loss and other visual impairments, placing a greater demand on DVA in the future. The issue of additional resources and program enhancements must be examined. Also, the less intense programs and interventions need to be encouraged and efforts made to ensure early detection and/or prevention.

BENEFITS PROGRAMS

Question 41. Some have criticized the appropriations that the VA home-loan guaranty program has required in recent years and argued that this indicates the program is not financially sound. Congress has taken many steps in the last five to seven years to reduce the losses from this program, but our Committee always has considered this a veterans benefit program—not a commercial business.

41A. Do you see the VA loan guaranty program as a benefit or do you believe that it should be a self-supporting enterprise?

Answer. I view the VA Home Loan Guaranty Program as a benefit. As you have pointed out, the VA Home Loan Guaranty Program has required several billion dollars in appropriations over the past decade. Congressional action has greatly assisted VA by enacting legislation to correct many of the problems contributing to the high cost of this benefit program. Additionally, DVA management of the Home Loan Guaranty Program has greatly improved. While I view VA's Home Loan Guaranty Program as a benefit, to the extent possible, I believe it should be operated like a business using sound business management techniques.

Question 41B. Do you consider the home loan guaranty program a valuable benefit worth protecting?

Answer. The Home Loan Guaranty Program has benefited virtually every community across our nation. Since its inception in 1944, VA's Home Loan Guaranty Program has assisted more than 13 million veterans to realize the American dream of home ownership. Without the VA Loan Guaranty Program, our nation's economy certainly would suffer. Our veterans have earned this valuable benefit and most assuredly, it is worth saving.

Question 42A. What is your view of the efficiency of consolidated processing centers for Veterans Benefits Administration programs and their effectiveness in improving the quality of client services?

Answer. For those programs that require a particular expertise or knowledge I believe consolidation of activity can improve the uniformity and quality of entitlement decisions. For example, for many years the VA's consolidation of insurance activity in St. Paul and Philadelphia has functioned quite efficiently. More recently, certain education activity (Title 38, Chapter 30 and Title 10, Chapter 106); New England loan guarantee; and a Persian Gulf registry have been consolidated with little difficulty. However, what all these programs have in common are the need for particular knowledge or expertise and the unique constituency they serve.

Question 42B. Should other VBA programs or activities have their claims processing consolidated?

Answer. Yes. For example, VA may consider consolidation of other education programs; the Direct Loan and Education Loan Fund Program Accounts; and the loan guarantee activities for other regions of the country.

Question 42C. If so, what are the current impediments to the consolidation of claims processing in other VBA programs?

Answer. Claims processing currently occurs in close proximity to the veteran and the veteran's representative. This proximity provides easier access to witnesses, evidence, the claims folder and the deciding official.

By regionalizing the adjudication process, the veterans ability to make themselves heard in the decision-making process is limited. This is particularly true in the de novo hearing stage of an appeal.

For the representative, access to the hard copy of the claims folder is critical. Until the VA's ability to electronically maintain records is improved, access to the claims folder by the veteran and the veteran's representative is another impediment.

Question 43. The Veterans Education Outreach Program is not reauthorized in the Department of Education beyond FY 1993. Do you consider this program of value in administering VA educational assistance benefits, and if so, would you seek to have a similar program authorized within the VA?

Answer. This program provides funding to colleges and universities to hire veterans' representatives at the school for on campus and outreach services to veterans. This program focuses its outreach services on educationally disadvantaged veterans. I would encourage the continuation of this program which provides direct service to veterans and dependents entitled to receive Chapter 35 benefits as well as provides a direct line of communication between the schools and VA.

Question 44. I was a VISTA volunteer in West Virginia and am a strong supporter of President-elect Clinton's plans to establish a national service program. There are concerns, however, that a proposal for a national service program could make the educational assistance benefit package for such service so attractive as to detract from the effectiveness of the GI Bill as a recruitment tool for the all-volunteer military.

44A. Do you share this concern?

Answer. Yes. Even though the military is downsizing and there are efforts to increase the size and efficiency of our military reserves and national guard the military must retain its capability to recruit and retain qualified personnel.

Question 44B. Will you seek to be part of the policy development for a national service program?

Answer. Yes. The VA has the experience and expertise to assist in the development of an educational assistance benefit package to recruit people to a national service program.

VETERANS EMPLOYMENT

Question 45A. What is your view of the current relationship between VA and the Department of Labor's Veterans Employment and Training Service?

Answer. In my view, the working relationships between the DVA and the Department of Labor's Veterans' Employment and Training Service has been hampered by separatism. This stems, in part, from DVA's historical view that employment is not its responsibility and, because of that view, DVA has not initiated a strong relationship with the Veterans' Employment and Training Service to assist in the provision of employment services. I look forward to working with Secretary of Labor-designate Robert Reich and his Assistant Secretary of Labor for Veterans' Employment and Training in fostering a better relationship, particularly in the area of Vocational Rehabilitation provided to service-connected disabled veterans.

Question 45B. How can that relationship be improved in order to enhance employment assistance to veterans, especially veterans with service-connected disabilities?

Answer. One veterans' organization has suggested that the Veterans' Employment and Training Service should be transferred to the Department of Veterans Affairs. This, of course, could only be accomplished by enacting legislation to effect the transfer. If the Veterans' Employment and Training Service were to be transferred to DVA, then the Department of Veterans Affairs would have a more significant role in providing a full continuum of employment services to all veterans, especially those veterans with service-connected disabilities. As I mentioned earlier, a closer working relationship needs to be developed between the Assistant Secretary of Labor for Veterans' Employment and Training and the DVA's Director of Vocational, Rehabilitation and Counseling Services.

Question 46. The National Defense Authorization Act of FY 1993 (title 44G of Public Law 102-484) requires the Secretary of Defense establish a veterans job-training program and authorize the Secretary of Defense to enter into an agreement with the Secretary of Veterans Affairs, the Secretary of Labor, or both, for the implementation of the program. In your view, what role should VA have in the implementation of this job-training program?

Answer. It is my understanding that this new program is designed to assist America's newest crop of veterans who are being eased out of the Armed Forces as a result of our Nation's military downsizing. The concept is excellent because it would immediately provide training and education opportunities to our newest veterans; provide our nation's high technology industries with a bumper crop of well-trained, highly-educated, new workers; and immediately pump education and training investment dollars into our sluggish national economy. I also understand that considerable discussion has already taken place between the Department of Defense, the Department of Veterans Affairs and Department of Labor for implementing this new program under the National Defense Authorization Act. Given the DVA's long history of approving educational and on-the-job training programs for our nation's

veterans and providing payments to eligible recipients, the Department of Veterans Affairs should, at a minimum, continue to provide these services under any new program. I need to further discuss our respective roles with officials of the Departments of Defense and Labor. Agreements signed thus far will be reviewed by the new Administration to assure maximum effectiveness is established between the departments.

REHABILITATION SERVICES

Question 47. What are your views of how the Veterans Benefits Administration and the Veterans Health Administration rehabilitation programs should coordinate their efforts in furnishing vocational rehabilitation services to service-disabled veterans and whether organizational or functional changes are needed to improve VA's responsibilities to service-connected disabled veterans who need rehabilitation services?

Answer. I will ensure that the Veterans Benefits Administration (VBA) and the Veterans Health Administration (VHA) work in harmony to provide vocational rehabilitation services to service-connected disabled veterans. I intend to review the current structure to determine whether any organizational or functional changes are needed.

COMPUTER SYSTEMS

Question 48. The VA regional office information retrieval system in many cases consists of large rooms of filing cabinets or outmoded computer systems.

48A. Do you believe that providing the full amount of funding needed to bring VA information management systems up to date and properly train personnel in its use must be one of the top priorities for the new Secretary and, if so, what efforts will you make to ensure that such funding is provided in a timely manner?

Answer. Yes. The DVA's computer modernization program will be one of my top priorities. To ensure funding in a timely manner, I believe that it is critically important to maintain an open line of communication between the Department and Congress on all phases of the program.

Question 48B. In a November 4, 1992, report (GAO/IMTEC-93-6), the General Accounting Office concluded that VBA had prematurely proceeded with a \$94-million acquisition of computer hardware and associated software while wrestling with fundamental change in its business processes. GAO thought the contract award would be premature for the following reasons: (1) that VA does not fully understand what managerial, operational, or technical problems need to be corrected; (2) that there is a lack of effective leadership capable of bringing together program managers and information technology specialists in order to reach consensus on problems and solutions; and (3) that VA's Chief Information Resources Officer does not possess the essential authority to correct identified problems. VA, reportedly unaware of the GAO recommendation to postpone contract award, did award its stage-one Modernization Plan contract on December 8, 1992. What is your opinion of the GAO report, the reasons it gave for its recommendation, and VA's actions to award the contract?

Answer. Every effort should be taken to ensure that VBA's Modernization Plan meets all the requirements to take it into the 21st Century. The crux of the GAO report appears to center on the "human" aspects of VBA's capabilities which I intend to evaluate further upon reviewing the DVA's response to the GAO Audit. When that review is completed, I will inform the Committee of my findings.

Question 49. The Veterans Benefits Administration and the Veterans Health Administration seem to be proceeding down two different, expensive, and seemingly uncoordinated tracks in the development of their information resources management (IRM) programs—VBA with its Modernization Plan and VHA with its Decentralized Hospital Computer Program.

49A. Do you share this concern?

Answer. Yes.

Question 49B. If so, what plans do you have to ensure that VA's limited IRM resources are effectively utilized to implement a coordinated IRM goal of providing improved service to all veterans and their dependents?

Answer. First and foremost, we need to establish a centralized policy and accountability mission, which I plan for the Office of the Assistant Secretary for Finance and Information Resources Management. The responsible office will have authority to require VBA and VHA to:

- Coordinate all development,
- Create uniformity, where necessary,
- Oversee integration and compatibility.

In short, Mr. Chairman, we will put together a master plan to make sure everyone is singing off the same sheet.

MINORITY VETERANS

Question 50. With the enactment of Public Law 102-28, VA became the first federal agency to have the statutory position of Chief Minority Affairs Officer. Please describe the role you see this individual playing as part of your management team and in connection with strategic and budgetary planning, program evaluation, and outreach in the context of both VA's health-care system and the administration of its benefits programs.

Answer. The Chief Minority Affairs Officer must be able to review DVA programs in light of identified special needs of minority veterans. The role of this person is not to just look at the denial of services based on the minority status of a veteran, but to look at how programs, which are not discriminatory on their face, are underutilized because the program implementation does not recognize characteristics that are unique to a class of veterans. For example: how does being a Native American veteran affect their use of the Home Loan Guarantee Program; how does being a female veteran affect access to VA Medical Care; or how do you tailor outreach services to the inner city veteran population?

Equal access to service requires that program implementation be considerate of the unique needs of minorities who may not respond to a more generic approach. They may simply not understand how the benefit applies to them.

Because of my strong personal belief in this program, I will ensure that the Chief Minority Affairs Officer will play an integral role in the DVA policy decision-making process.

AGENT ORANGE

Question 51A. Do you believe that you were exposed to Agent Orange during your service in Vietnam?

Answer. I may have been exposed to Agent Orange although I cannot recall whether my unit operated in any areas that were sprayed with defoliant.

Question 51B. What further actions do you believe the Federal Government should be taking at this time in the area of health care, studies, and compensation to address the continuing concerns of Vietnam veterans about their exposure to Agent Orange?

Answer. As you are aware, the Agent Orange issue has been very difficult to resolve in terms of answering the question of causation, that is, what conditions have or have not been caused by exposure to dioxin as used in Vietnam. Right now, presumptions of service-connection have been authorized for the skin condition chloracne and two types of cancer—non-Hodgkin's Lymphoma and soft tissue sarcomas. DVA inpatient medical care is available to Vietnam veterans for conditions or illnesses which they believe to be related to Agent Orange exposure.

In terms of what further actions the government or the DVA should be taking at this time, I believe that will rest in large part on the results of the National Academy of Sciences (NAS) review that was mandated by Public Law 102-4 in February of 1991. As you know, NAS is required to conduct a review of all scientific investigation conducted with respect to Agent Orange and the question of causation and report its findings to the Congress. I believe that once this report is in, we will be in a much better position to consider what further actions are necessary.

UNITED STATES SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, November 6, 1991.

Honorable James W. Holsinger, Jr., M.D.,
Chief Medical Director, Department of Veterans Affairs, Washington, DC.

DEAR JIM: We are writing to inquire about the Department's plans for the Readjustment Counseling Service (RCS) and the Vet Centers. We have reviewed an October 23, 1991, memorandum (copy enclosed) from the Director, RCS, to you which outlines a proposed plan for an organizational change for the RCS which would shift operational supervision of individual Vet Centers from RCS to individual VA Medical Center Chiefs of Staff, with the RCS role in VACO becoming similar to that of the various clinical services. The memorandum indicates that such an organizational change has been discussed by you some time before October 23.

If implemented, the changes outlined in the memorandum would clearly eliminate the current system under which RCS operates. As you know, that management system was evaluated and contrasted with the system under which VA's specialized PTSD treatment programs operate in the May 7, 1991, "Program Evaluation of the VA Post Traumatic Stress Disorder (PTSD) Programs", which was submitted to the Committee on October 15. That report noted, on page 59:

The VHS&RA PTSD structure indicates that the Director of the Readjustment Counseling Service has a straight line of authority from the Chief Medical Director through the Associate Chief Medical Director. However, the specialized PTSD treatment elements are integrated within the matrix system of the medical center with more complex reporting structures.

According to VHS&RA, although various services, predominately MH&BSS, provide professional direction for the development of policies and programs for the diagnosis and treatment of PTSD, they have no line authority over these providers. In contrast, RCS provides professional direction and line authority through a system of Regional Managers who closely monitor all Vet Center activities. They are responsible for coordinating training and outreach activities, implementing directives addressing outreach and training activities, and ensuring consistent monitoring and accountability of funds. . . . The two Clinical Field Managers provide quality assurance.

The evaluation concluded that the "current RCS structure . . . ensures the consistent monitoring and accountability of funds, and is administratively effective in implementing Public Law 96-22" and recommended that VA retain this structure.

In light of the recent, very favorable evaluation of the current RCS structure and the recommendation that it be retained, we are interested in learning what reasons you may have for wanting to alter it at this time. As strong supporters of the Vet Center program, we are concerned that the proposed reorganization of RCS, as articulated in the enclosed memorandum, could have a major impact on the administration of the Vet Center program. In this regard, we note your response to a pre-confirmation hearing question from Senator Cranston indicated that you would discuss with the Committee any plans for reorganization affecting, or personnel changes in, RCS well in advance of implementation. Thus, we ask that you explain what your current plans are with regard to the organization of RCS and the rationale for them.

We would very much appreciate receiving your response by November 27.

With warm regards,

Cordially,

ALAN CRANSTON
DENNIS DECONCINI
GEORGE MITCHELL
JAY ROCKEFELLER
BOB GRAHAM
DANIEL K. AKAKA
TOM DASCHEL
Enclosure

ARLEN SPECTER
JIM JEFFORDS

Department of Veterans Affairs

Memorandum

Date: Oct. 23, 1991

From: Director, Readjustment Counseling Service (113)

Sub: Readjustment Counseling Service Planning Committee

To: Chief Medical Director (10)

THRU: Associate Deputy Chief Medical Director (11)

THRU: Deputy Chief Medical Director (10A)

1. Attached is a draft memorandum which would initiate a process for the Readjustment Counseling Service organizational change which you have described, and which we discussed earlier. As agreed in our prior discussions, the objective will be to assure that in the future, Readjustment Counseling Service Vet Center services will be delivered in the manner and with the success that they are now, and that there will be a careful and open planning process, with all constituencies heard from, in order to develop a broad consensus about organizational change. There

would then be a period for knowledge transfer and orientation, at the end of which medical facility Chiefs of Staff would assume operational supervision of Readjustment Counseling Service Team Leaders, and the Vet Center place in the table of organization would then be similar to that of any other clinical service. Since RCS is widely perceived as a VA component which is not broken and is functioning well, the care, gradualness, and openness of the planning process, as we have discussed, will be particularly important.

2. Following are my recommendations about the composition of the Planning Committee: The chairperson should be an experienced medical center or regional director who understands and is therefore a champion of the readjustment counseling program, and I would recommend that I be designated as the Committee Co-chairperson. In addition, I recommend that the Committee include the follow:

- A Regional Director (if not serving as chairperson)
- One or two medical facility directors
- Deputy Director, Readjustment Counseling Service
- A Director, Field Support (Operations)
- A Readjustment Counseling Service Regional Manager
- Director, Resource Management Office
- From field facilities: a Chief, Social Work Service; a Chief, Psychology or Psychiatry Service; and a Vet Center Team Leader
- Three additional from the following in the field: Chaplain Service, Nursing Service, Ambulatory Care, or Medical Service; or from VACO, External Affairs or an Executive Assistant from the Office of the CMD

3. This will provide for a total Committee membership of 15, which will be needed to assure that the considerable amount of work can be well-shared.

4. Certain points need emphasis in light of the long-standing high visibility and sensitivity of VA's Readjustment Counseling Service, its considerable popularity with the consumer, and the widespread view that this is not an area of VA's functioning which is broken and in need of fixing. First, all the members of the Planning Committee should be persons who understand, who therefore are champions of the VA Readjustment Counseling Service, and who thus will be committed to a thoughtful and objective analysis and design for the organizational development which you propose. Secondly, the Committee's planning process should be open, hear from all constituencies, and thus develop a consensus. As indicated in the draft guidance document, the Committee should consider the overall role of the Vet Centers in the future of VA outpatient care. I have included your earlier proviso that program funds should probably remain fenced, which is particularly important in order to make clear your objective of implementing an organizational change without damage to a well-functioning program.

5. As indicated in the draft guidance document, the timetable for this process would be: Planning Committee work: 18 months; field preparation: 24 months; implementation: 12 months.

6. I will appreciate the opportunity to furnish specific suggestions for some Committee slots, and to discuss the final selections at the appropriate time.

ARTHUR S. BLANK, Jr., M.D.

Attachment

Department of Veterans Affairs

Draft Memorandum

Date:

From: Chief Medical Director

Sub: Organizational Initiative

To: Chairperson, Readjustment Counseling Planning Committee

1. The purpose of this memorandum is to appoint and provide guidance for a Readjustment Counseling Planning Committee.

2. The Committee will develop an analysis of and formulate a methodology for implementing an organizational change for the Readjustment Counseling Service. The organizational change which I propose is as follows: After a planned, systematic and careful transition process, the Readjustment Counseling Service Vet Centers would be re-organized as a regular clinical service of VA medical facilities, with the Vet Center Team Leader designated as the Chief, Readjustment Counseling Service, and reporting to the Chief of Staff. This organizational change would take place without any significant changes in mission, type and quality of services of vet centers, character of staffing, or any other essential program characteristics.

3. During the past decade, Veterans Health Administration has developed and steadily improved the Readjustment Counseling Service to provide readjustment counseling as authorized by Section 1712A of Title 38. This program is low cost, highly successful, very popular with the veteran public, and in many ways is a model for other VA services. The success of VA's readjustment counseling program is highlighted by the proposal by the Secretary of Veteran's Affairs to extend readjustment counseling eligibility to Persian Gulf veterans. It is also underscored by the fact that as of August 31, 1991, Vet Centers had seen over 70,000 Persian Gulf returnees, with continuing high utilization by Vietnam veterans. In my view, the organizational change which I am proposing will assure that Readjustment Counseling Service continues to provide high quality services, and that its program will be as permanent as any other VHA clinical service, an objective which I announced in my confirmation hearing in 1990.

4. The task of the Planning Committee will be to review all aspects of the proposed transition. I wish to provide the following specific guidance: The duration of the Planning Committee's work should be approximately 18 months, at the end of which time its final report should be submitted. I would be pleased to respond to at least two interim reports during that period. The Committee should design a subsequent field preparation period of approximately two years' duration. During that time, Readjustment Counseling Service regional management officials, with assistance as appropriate from VACO staff and vet center staff, would implement a knowledge transfer and orientation process, to include any additional manualization of RCS operations beyond what now exists, and comprehensive orientation sessions by RCS regional management staff for medical facility directors, associate directors, and chiefs of staff in appropriate meetings, e.g., regional chiefs of staff meetings. The preparation period might include other activities, and its objective would be to assure that in the future, chiefs of staff and medical facility directors will maintain program values and improve quality of services from the present level.

5. The Committee should consider all aspects of this transition, hear from relevant constituencies, carry out interviews or fact-finding needed to assess the impact of the organizational change, design an implementation methodology, and present any additional considerations which are relevant. It will probably be appropriate for vet center funds to remain fenced. Following the transition, the VACO Readjustment Counseling Service office would organizationally function in all aspects similarly to other clinical services. The RCS regional staffs would decrease in size and continue as the Readjustment Counseling Service quality assurance unit in the Regional Director's office. As in Vet Centers, there would not be significant change in character of staffing at the regional and VACO levels. That is, there should be continued emphasis on staffing with mental health professionals and counselors who are veterans of duty in a war zone and are knowledgeable about PTSD and other aspects of readjustment. The Committee should consider and make recommendations about all such details.

6. In addition, the Committee should consider, as may be relevant to the organizational change, the following topics, (and make any recommendations if appropriate): (1) the overall future role of the Vet Center as a service delivery site in decentralization of VHA health care into the community; (2) implications of adding World War II or Korean War Veterans to readjustment counseling eligibility.

7. The members of the Planning Committee are appointed as follows:

8. I appreciate your willingness to undertake this important task.

JAMES W. HOLSINGER, Jr., M.D.

WRITTEN POST-HEARING QUESTIONS FROM CHAIRMAN ROCKEFELLER TO SECRETARY-DESIGNATE JESSE BROWN AND THE RESPONSES

RELATIONS WITH CONGRESS

Question 1. On the issue of free exchange of information with the Congress, which I raised in the pre-hearing questions I sent you, you stated your belief that, in order to advance and protect veterans' rights, the Department had to "speak with one voice" and you expressed the hope that most Congressional information requests would come to the Secretary's office. Although I agree that the official Administration stance on policy matters should come from a central location, I am concerned about routine requests for information that the Committee members often seek from individual facilities or central office program officials.

Obviously, such requests are an important aspect of our fulfilling our oversight responsibilities and it seems impractical to funnel every one of them through the Secretary's office prior to response. Indeed, from your experiences at DAV and your pre-hearing response that veterans organizations should have ready access to Department heads and medical center directors, it seems clear that you understand the importance of open communication to oversight. Unfortunately, in recent years, VA employees have feared reprisals for communicating with Congressional staff and this Committee has at times had difficulty getting field staff to testify as to the state of affairs in the field.

A. Don't you agree that VA employees in central office and the field station should be free to respond directly to requests for factual information from Committee members' offices?

B. (if no) Do you believe that Congressional offices should, at the very least, be given similar access to VA information as the veterans?

C. (if yes) Would you send a directive to all VA staff clarifying that position, so as to allay the fears of VA employees that if they respond in their official capacities to legitimate requests for information that they might face reprisals?

Answer 1A. Yes, I do believe that various program offices and field stations should and can respond to requests for information from Committee members' offices. As in the past, VA employees will be expected to respond forthrightly and directly to requests for information from the Congress. I will also expect VA officials to follow the Department policy on reporting to the Office of Congressional Affairs on such contacts.

Answer 1B. Not applicable.

Answer 1C. Current VA policy, as articulated in Circular 00-92-9 dated April 29, 1992 (see enclosure), informs VA employees that information requested by Members of Congress and their staffs should be made available. But to ensure the necessary coordination of operational and policy issues, any VA employee who provides such information is required to prepare a Report of Contact (except for contacts involving routine constituent casework) and submit it to the Office of Congressional Affairs. If beneficial, I will reiterate the Department policy on this important matter.

READJUSTMENT COUNSELING SERVICE

Question 2. In your response to my prehearing question about the mission of the Readjustment Counseling Service, you stated, "I plan to explore the feasibility of modifying Vet Centers' missions to the point of providing a wide array of basic medical services to include, but not limited to, psychological counseling services for World War II and Korean War-era veterans, preventive medicine and basic screening procedures." While I agree that there is certainly a need to improve veterans' access to preventive screening and other routine outpatient services, especially in remote rural area, I am concerned about the potential effect of such an expansion on the Vet Centers' ability to carry out their primary mission and on RCS's current management structure, which has been a key ingredient of its success.

Do you believe that the Vet Center's mission can be modified along the lines you suggested to without sacrificing the program's ability to furnish readjustment counseling services or altering the unique management structure that has served veterans so well?

Answer. It is important to make the distinction between the Vet Center as a physical location, and as a type of site on the one hand, and the Readjustment Counseling Service staff and their mission and services on the other hand. At the present time, at least 12 Vet Centers have some medical facility staff (medicine, nursing, surgery, etc.) on hand some number of hours per week providing post-discharge after-care, screening, etc. I believe that this out-stationing of medical facility professionals in Vet Centers is helpful to veterans in that it promotes primary care—and preventive care—in the community, de-centralized away from large medical facilities. It is my understanding that insofar as this has already been done, the result has not involved any interference with the mission of the Readjustment Counseling Service, and that both veterans and Readjustment Counseling Service Vet Center staff are pleased with the result. This is the type of development to which I was referring in my response to your prehearing question.

My concern would therefore be the same as yours, namely, to promote such out-stationing of medical professionals at Vet Centers in such a way as to not adversely affect either the management structure or the services provided in Vet Centers by the Readjustment Counseling Service, which, by all accounts are working well.

MANAGEMENT STYLE

Question 3. In your response to my pre-hearing question on this issue, you indicated that the CMD should be responsible for day-to-day management of the health-care system but that you "expect to be fully involved in all decisions pertaining to long-term management of the system." To get a better feel for how your management style will work on a specific matter, please describe how you might approach organization of the VA health care system. Various alternatives to the four-region system have been suggested, most notably the geographic service area model put forward by the Commission. How do you envision working with the CMD on this complex management issue?

Answer. The illustration you have chosen is precisely the kind of issue that I will want to discuss in detail with the Under Secretary for Health. It will be critical that we have a clear picture of what improvements we can expect to result from any reorganization, especially one of major proportions.

PTSD FUNDING

Question 4. I think we all appreciate that prioritizing health-care expenditures is one of the most difficult challenges for the VA leadership. However, given the scarce resources available, there is a need to establish priorities—particularly in the context of VA's budget requests for new health-care initiatives. Over the past few years, the Administration requests have not included any new funds for PTSD treatment and expansions in PTSD treatment have come as the result of Congressional additions. When you stated that VA can do more in this area with existing resources, what specifically were you referring to, and does this mean that you believe no new funding for PTSD is needed?

Answer. VA's Strategic Plan includes expansion of PTSD treatment capabilities through at least 1997. This is based upon increasing utilization of specialized PTSD treatment services by veterans and unmet needs for services supported by the National Vietnam Veterans Readjustment Study (1988) and by ongoing VA studies by the Under Secretary for Health's (formerly Chief Medical Director) Special Committee for PTSD. The unmet need for care, reflected in increasing utilization rates, and the unstable world situation, which suggests that new cohorts of veterans with stress disorders may develop, indicate the need for further expansion of existing PTSD services.

HOMELESS VETERANS

Question 5. I was very pleased to see your view on the importance of stepping up efforts to assist homeless veterans, and I know of Bill Clinton's interest and commitment to action in this area. As you know from my pre-hearing questions, I am very interested in this area as well, and am particularly interested in following up on the legislation enacted last year that I had a hand in putting together. I chaired a hearing last April that brought in many of the people—both from within and outside of VA—who are running successful programs for homeless veterans, and I think we've made an excellent start in identifying what the needs are, what is working, and how to build the interagency and public-private linkages you referred to in your written responses. I know that, just within VA, there has been assembled a task force comprised of benefits and health-care people and outside providers. I want the initiatives and the energy behind this action to translate into more and better service at the local level, and I want you to know that I will provide whatever assistance I can in this effort, including helping build bridges to other agencies. I look forward to receiving the assessments that are being conducted around the country and welcome any thoughts you'd like to share now as to how to address this national tragedy.

A. With respect to VA's two main existing programs for homeless veterans, you noted that they are "generally understated." What do you mean by that?

B. Do you think that these homeless veterans' programs should be expanded and, if so, to what extent?

Answer 5A. Although VA's specialized funding for homeless veterans treatment programs is directed primarily to two programs headings (the Homeless Chronically Mentally Ill (HCMI) and the Domiciliary Care for Homeless Veterans (DCHV) programs), the HCMI funding, supplemented from other mental health funds, has been used to fund a range of special homeless veterans initiatives, including the joint HUD-VA Supported Housing Program (HUD-VASH), the joint benefits and rehabilitation program with the Social Security Administration (VA-SSA), and the Compensated Work Therapy/Therapeutic Residence Program (CWT/TR). In addition, VA

homeless veterans program and mental health funds have provided the foundation for VA's two Comprehensive Homeless Centers.

These initiatives have been developed through the creative and effective use of limited funding that increased only marginally from 1987, when VA's special homeless assistance programs were first funded, to 1992. Because of this limited funding, the number of special VA programs for homeless veterans has not increased significantly since 1990.

This relative stagnation in the funding and number of special VA homelessness programs has occurred while the difficult economic times that began in mid-1990 substantially increased the number of homeless veterans needing assistance. Using dated estimates, there are approximately 250,000 veterans living on the streets or in shelters on any given day and at least twice that number experiencing homelessness over the course of a year. At best, VA's homeless assistance programs reach about 17,000 homeless veterans over the course of a year, or about 5% of the annual homeless veterans population.

Answer 5B. In October 1992, a Request for Proposals (RFP) was issued to all VA medical care facilities to solicit applications for the \$10 million appropriated for FY 1992 in order to start new homeless veterans programs or expand existing programs. Over 130 VA medical care facilities responded to this RFP with requests for 300 program enhancements.

The quality of these proposals was remarkably high. Virtually all of them proposed new or expanded programs that would work effectively to address the currently unmet needs of homeless veterans in their catchment areas for rehabilitative assistance. Working with existing non-VA programs and organizations to develop and expand other local resources directed toward homelessness and homeless veterans was a key component of most proposals.

Additional recurring resources in each of the next several fiscal years starting in FY 1994 would enable VA to expand its special homeless assistance programs steadily and quickly, while maintaining the monitoring and evaluation procedures necessary to ensure that the funds are used properly and that the new programs and expansions are implemented effectively.

SEXUAL TRAUMA SERVICES

Question 6. If confirmed, will you agree to report back to the Committee within 90 days of your confirmation regarding progress that has been made with respect to implementation of the legislation which establishes a sexual trauma services program and improves the furnishing of other health-care services to women veterans, and your views as to whether the time limits related to these services should be extended or dropped.

Answer. I will certainly report within 90 days of confirmation the progress VA has made in implementing the provisions of the law. Existing staff are being augmented in VA medical centers and vet centers to meet the needs of women with a history of sexual trauma and Sexual Trauma Teams are being established in selected VA medical centers. A national training program is being developed to train staff in outreach, assessment and treatment. An informational brochure is also being developed. It is anticipated that one of the factors looked at in program evaluation will be the time which elapses before women veterans seek care for the effects of sexual trauma. If this period is longer than the two years allowed by the legislation, VA will consider seeking authority to extend or eliminate the time limits.

NATIONAL HEALTH REFORM

Question 7. It is vitally important to assess the consequences of various alternatives for national health-care reform on the VA health care system.

A. How do you think the VA health-care system's role would change if a national health reform proposal were enacted under which all Americans had access—either through employer-provided insurance coverage or otherwise—to a basic package of acute care and outpatient services?

B. What changes do you think would have to occur in the VA health-care system in order to carry out successfully any changes in its role?

Answer 7A. I believe that the VA would compete successfully with non-VA providers or sources of care in many geographic areas for many health care services and for many veterans.

The question of whether veterans would continue to seek care from the VA health care system if there were other real alternatives has been addressed by a number of studies inside and out of the VA. A recent study by the General Accounting Office (GAO) of health insurance coverage concluded, for example, that many veterans would discontinue use of the VA system if they had insurance coverage. Veterans

seek VA health care, however, for reasons other than lack of health insurance coverage. For example, GAO failed to take into account availability of VA's specialized services, convenience, out of pocket charges and gaps in insurance coverage, benefits of VA affiliations with medical schools, and the basic desire to use the VA.

Answer 7B. The role of the VA has been to deliver health care services to service-connected veterans who are often severely disabled, examples being veterans who have lost limbs or spinal cord function. The role of the VA also has been to deliver health care services to low income veterans who present the same problems to the VA as their uninsured and underinsured peers present to non-VA providers: poverty, old age and multiple diagnoses. To the extent that the nature of the role of VA would change, enhancing its role as a provider of health care to disadvantaged, for example, there would need to be corresponding changes in the staff and equipment employed by the VA and perhaps the missions of research, education and backup to the Department of Defense.

Independent of a new role for VA, there is a shift from hospital to outpatient care and from institution-based care to alternatives to institutional care such as hospice care at home and other community services. In any case, changes should be based on the characteristics of veterans who will be served. Operational changes would include construction to modify existing structures and changing the mix of staff and organizational changes might involve increased responsibility for facility directors.

NATIONAL HEALTH REFORM

Question 8. There is widespread agreement that the complex and confusing rules governing eligibility for VA health-care services should be reformed. Various alternatives have been suggested with regard to the group of veterans entitled to VA services, the types of services to which they should be entitled, whether and under what conditions services should be furnished to nonentitled veterans, and how the furnishing of these services should be financed.

A. Most private sector managed-care plans require participants to enroll on an annual basis. Enrollment figures are then used to develop budget projections, fee schedules, and copayments for subsequent years. At the present, veterans are not required to enroll in the VA health care system. A veteran simply presents himself or herself at a VA facility when he or she desires health care. Therefore, it is very difficult for VA to make accurate projections regarding health-care costs. Do you believe a complete or even a partial implementation of an enrollment system consonant with the philosophical underpinnings of the current system?

B. How might a VA managed-care plan interact with the networks of health insurance plans and health-care providers envisioned by President-elect Clinton as part of his managed competition proposal?

C. Some have recommended that VA health care be transformed into an "entitlement" program. If a certain "core group" of veterans were "entitled" to a defined package of health care services, how would VA guarantee that all such veterans have access to the services to which they would be "entitled"? For example, how would the staff of a VA health care facility at which all nursing home beds are in use and all funds for contract nursing home care expended response to an "entitled" veteran in need of nursing home care?

D. In your response to prehearing question 27(B) regarding receipt of Medicare reimbursement, you stated, "I generally advocate that the VA be able to collect and retain funds from all secondary payors, including Medicare, for the treatment of those veterans who are not among the core-entitled group." Many persons who have studied the VA health care system, including the members of the Commission on the Future Structure of Veterans Health Care, share your views. However, others have argued against that route, in large part out of concern that the Administration's budget requests for VA's medical care account might be based on unrealistic projections for Medicare reimbursement. Please provide your views regarding the positive and negative repercussions of authorizing Medicare to reimburse VA for services furnished to Medicare-eligible veterans.

Answer 8A. I believe that enrollment is a very complex issue and in the deliberation that we will have on eligibility reform, this will be studied and discussed. In my views, it is essential to ensure that no currently entitled veteran would be disenfranchised.

Answer 8B. I would see VA as a full player, competing in terms of quality, cost and access with other providers, under managed competition.

Answer 8C. The issue of "entitlement" is an important one. I understand traditional entitlement to consist of meeting specific eligibility criteria in order to be

guaranteed a benefit. I foresee that same arrangement for entitlement for a defined set of health services for the "core group" of veterans: If eligibility criteria are met, a defined package of benefits is guaranteed. A veteran described in your example, then, who needed nursing home care would be provided it (or appropriate care alternative to a nursing home) through some VA funds notwithstanding that all VA nursing home beds were filled and community contract funds were expended. Veterans not in an "entitled" group would not have such a guarantee. By way of contrast, "eligibility" does not carry with it such a guarantee.

Answer 8D. When considering the collection and retention of funds from secondary payors, there are a number of practical concerns about billing, about who would oversee the delivery of VA care, and so forth. These are important concerns, but the fundamental issue is the future role that VA will have for veterans. A major task of VA's eligibility reform efforts and national health care reform efforts is to define that role.

I support the opportunity for veterans who are not in the core-eligible group to spend their private and federal health insurance for VA health services. Today, "non-core" veterans are effectively blocked from seeking VA care by a combination of limits on the use of their health insurance and limits of VA resources. In order to attract these veterans, the VA health care system will have to effectively compete in terms of quality, cost and access with other providers in the nation. I believe that the experience of the VA in delivering a wide range of services under constrained budgets to a disabled population with special needs and to a poor and aging population will be valuable to the country.

In order for VA to compete with other providers, there must be an incentive. Today, as you know, VA can "retain" funds from secondary payors only to meet the costs of collection. There is no strong incentive for veterans or the VA to improve those collections since an increase in services provided to veterans with health insurance will increase VA workload but will not increase VA resources to pay for the additional services. It is remarkable that the VA has been so successful in its medical Care Cost Recovery program.

LONG-TERM CARE

Question 9. Another critical health-care problem facing our nation's veterans is access to long-term care services.

A. Describe your plans for improving veterans' access to long-term care.

B. How do you intend to identify an appropriate mix of institutional and noninstitutional long-term care services and improve veterans' access to such services?

Answer. The VA plans to increase its long-term care programs by approximately 8 percent in FY 1993. Average daily census (ADC) is expected to increase by approximately 3,500 in FY 1993. The majority of the increase is in institutional care (nursing home and domiciliary care). However, VA is planning to expand its noninstitutional programs by diverting up to 15 percent of the Community Nursing Home Program (CNH) budget for community-based services. These services would treat patients in need of nursing home care in their homes and communities. VA's plan for diverting funds would expand the Contact Adult Day Health Care Program (CADHC) and implement a program of Homemaker/Home Health Aide services (H/HHA) under P.L. 101-366. VA's plan is under review by the Appropriations Committee.

The Department is aware of the need to enhance its planning for long-term care services, particularly home and community-based services. The Under Secretary for Health has recently approved a Long-Term Care Task Force recommendation on this subject. The Veterans Health Administration is developing a more comprehensive planning model for both the institutional and noninstitutional care needs of veterans. The model should be completed by the end of 1993.

DRUG PRICES

Question 10. As you know, last year Senators Cranston, Simpson, Murkowski, and I developed legislation, which was enacted just prior to the end of the Congress, to restore VA's access to reasonable prices for pharmaceuticals. While I am very pleased that we succeeded in crafting legislation which should afford VA significant relief in the area of drug prices, I am concerned that projections regarding reductions in VA expenditures for pharmaceuticals resulting from this legislation could be used as a basis for reducing VA's budget request for the medical care account. Such action would have the effect of denying VA the benefit of the legislation and would in all likelihood leave VA medical centers with little choice but to implement even more restrictive formulary policies and continue diverting resources from other

vital aspects of their operations. Will you speak directly to OMB Director-designate Leon Panetta regarding the drug pricing issue and take whatever other actions may be necessary to ensure that the budget request for the medical care account is not reduced in response to any change in the prices that VA pays for drugs?

Answer. Yes, I will speak directly to OMB Director-designate Leon Panetta regarding this issue and I will take whatever other actions may be necessary to ensure that the budget request for the medical care account is not reduced in response to reduced prices for pharmaceuticals.

VA has previously stated that any price reductions achieved would be used by the Department to offset the cost of administering the law and to return formularies and patient care services to their former (pre-Omnibus Budget Reconciliation Act) levels.

SURGICAL PROGRAM REALIGNMENT

Question 11. In June 1991, VA's Inspector General released a report that called for the review and realignment of surgical programs at 33 VA medical centers, many of which are unaffiliated facilities located in rural areas. Decisions have been made regarding the fate of surgical programs at 22 of these VA medical centers and I understand that the Chief Medical Director is currently reviewing recommendations for the 11 remaining programs. I am especially concerned about changes that may be made in the level of surgical care furnished by the Beckley VA Medical Center in West Virginia. Can you assure me that I and other Members of Congress representing States in which affected VA medical centers are located will be advised of these decisions and provided with full explanations of any proposed modifications in surgical programs before they take place?

Answer. Final realignment recommendations have been completed for all 33 VAMCs and have been implemented at 22 of these medical centers. The Under Secretary for Health has made realignment recommendations for the remaining 11 facilities.

Specifically, the recommendation for VAMC Beckley was to maintain a primary surgical service (provide general surgery/refer complex cases to a tertiary facility) as opposed to the previous secondary surgical service (provide most of the surgical sub-specialties).

With regard to your concerns about notification, we want to assure you that any decisions of alteration of the surgical services provided by our VAMCs will be presented to the office of the appropriate congressional members prior to the implementation. As was explained to your office by the Acting Secretary on January 7, 1993, recommendations were based on issues of volume of activity and quality of care which constitute the rationale for all decisions involving the 33 VAMC surgical services in question.

In each case of the 33 facilities, a conference call was held with each Regional Director and each of the concerned VAMC Directors to thoroughly discuss these recommendations. Each facility was provided with full explanations and was asked to individually develop an implementation plan for the recommendations.

These decisions will assure that our veteran population will obtain the best surgical care possible.

MEDICAL RESEARCH

Question 12. I know you are well aware of the renowned medical and prosthetics research activities being undertaken at VA health-care facilities.

A. Describe your plans for protecting those activities (medical and prosthetic research) in the face of continuing budget constraints.

B. Are there areas of research to which you believe VA should devote more resources and attention?

Answer 12A. Our request for the FY 1994 medical and prosthetic research appropriation will be derived from the recommendation of the Advisory Committee for VA Health Research Policy. This blue ribbon committee issued its recommendations for increased funding in January 1991 to restore the research program to its fiscal year 1986 level of funding (adjusted for inflation). The implementation of this recommendation remains a top priority goal for the Veterans Health Administration. Although the increase required in the medical and prosthetic research appropriation is sizable in relation to the fiscal year 1993 level of that appropriation, it is minuscule in relation to the total medical care appropriation.

Answer 12B. If additional resources are made available, we believe that more resources and attention should be devoted to the following:

a. Areas of special interest designated by Congress, that is, prostate disease, breast cancer, and mental health.

b. Areas suggested by the Advisory Committee for VA Health Research Policy such as chronic obstructive pulmonary disease, hypertension, improvements in cancer therapy, cardiac disorder, mental illness, alcohol and substance abuse, and geriatrics. (Areas A and B overlap).

c. Strengthening the coordination (1) among VA's three major categories of research (biomedical, health services, and rehabilitation), and (2) between basic and clinical research to maximize contributions to improving clinical care.

d. Increasing emphasis on clinical research, while retaining an essential core program of basic laboratory research.

SHARING VA EXPERTISE AND DATA

Question 13. I was pleased to see, in your response to pre-hearing question 20(D), that you intend to ensure that persons participating in the new Administration's discussions regarding national health reform are made aware of VA's resources and expertise.

A. In addition to informing White House, OMB, and other Executive agency staff about VA's operations, resources, and potential, would you consider meeting with Members and staff of Congressional Committees responsible for non-VA health-care programs?

B. You also stated that you plan to expand VA's relationship with the HHS Agency for health care policy and research and ensuring that data resources are compatible and non-duplicative. Such action is an important step toward full utilization of the vast potential of VA's data collection, management, or analysis resources. Are you aware of and do you intend to seek out other data resources to which VA might contribute and from which it may benefit?

Answer 13A. I would meet enthusiastically with such persons.

Answer 13B. I am pleased that you asked about contributions that the VA might make to data resources available for national use. I believe that in many areas—particularly data relating to special services such as prosthetics, spinal cord injury, long term health care and mental health—the VA can lead the nation. For example, a comprehensive long-term care data base was developed as part of the VA's eligibility reform work. The data base is expected to be used by executive and legislative branch officials in addressing the issue of long-term care in the nation. No other routinely used data base exists which combines estimates of needs and use of elderly and disabled persons for both institution-based and non-institutional care.

With regard to seeking out other data resources, the VA has participated in developing and analyzing data in the 1990 census. Further, in addition to AHCPR data, VA has used data from DHHS and DOD in ways that are not duplicative with VA data. A newly proposed VA National Center for Veteran Statistics would have as part of its primary mission the seeking out of other data sources and serving as a resource and clearinghouse for veteran information.

PERSIAN GULF WAR VETERANS

Question 14. As you know, many Persian Gulf veterans have complained of health problems that they believe are related to their service. Legislation enacted last year authorized VA to provide health screening-examinations to all Persian Gulf veterans and directed the establishment of a registry of the health status of each of those veterans. VA responded promptly once these health concerns were identified, but, as always, implementation will be the key.

A. How do you intend to ensure that this law is implemented appropriately?

B. If confirmed, will you please report back to the Committee within 60 days of your confirmation on the status of the registry and VA outreach to Persian Gulf veterans?

Answer 14A. Action has been taken, as mandated by Public Law 102-585, to provide for the establishment of a "Persian Gulf Health Registry" (PGR) examination program at all major VA health care facilities. On December 4, 1992, directives were issued to all VA health care facilities requiring the immediate establishment of the registry in accordance with legislative requirements. Persian Gulf veterans wishing to participate in the PGR are being provided a comprehensive health examination with emphasis on conditions peculiar to the Persian Gulf Conflict. Demographic and diagnostic examination data obtained during the examination process are entered into a special computerized database maintained by VA's Austin Automation Center. An ongoing health surveillance of such data is being conducted by VA. Such health surveillance will assist in determining the types of complaints and illnesses, if any, reported by Persian Gulf veterans and provide indicators for the type of epidemiologic and other research which may be required to resolve health issues. Environmental physicians and Persian Gulf Coordinators at each facility are providing

for management of the medical and administrative aspects of the registry. Close cooperation with the Department of Defense (DOD) will ensure the integration, as required, of registry databases maintained by VA and the DOD.

Answer 14B. A report on VA's progress on implementing the registry and outreach procedures will be provided to the Committee within 60 days as requested.

VA EMPLOYMENT/SEXUAL HARASSMENT

Question 15. If confirmed as Secretary of Veterans Affairs, you will be the head of one of the Federal Government's largest civilian workforces. It is my strong hope and desire that VA be a model for the rest of the government in terms of its treatment of its employees. As you know, a House Veterans' Affairs Committee hearing last year focused on sexual harassment in the VA workplace and serious allegations were made about the inefficiency of VA's current EEO process. What is your commitment to ensuring VA is a model employer in this area, and what specifically would you do to send a clear signal to the VA workforce regarding your views?

Answer. I am deeply committed to the principles of equal opportunity and intend to be an active leader of the Department's efforts to strengthen its EEO program. As a priority, I plan to learn more about the processes and conditions that have undermined public and employee confidence in VA's program and to ensure development of a plan of action to restore that confidence. While it would be difficult for me to provide specifics at this time, I expect that new initiatives will focus on education and training, accountability of managers, sanctions for offenders, and development of updated and improved policy and guidance. As a first step, I expect to communicate Departmentwide my personal commitment to achieving a work environment free of discrimination and to solicit the support of all employees.

ADJUDICATION

Question 16. Based on your long involvement in matters relating to VA's adjudication of claims, what is your view on allowing the General Counsel to settle cases decided by the BVA and then appealed to the Court of Veterans Appeals?

Answer. I understand the General Counsel is now settling cases before the Court, on behalf of the Secretary. While it is important to preserve the integrity of the VA adjudication process, it is equally important to ensure veterans receive benefits in a timely manner. Where fairness requires corrective action, it should be taken expeditiously. Settlement of pending litigation is certainly one method to accomplish this. However, I would like to learn more about the advantages and disadvantages of the present settlement practice before I respond definitively.

VA BENEFITS FOR NON-COMBAT SERVICE

Question 17. The end of the Cold War and events of the past year have inspired much discussion of the changing role of the United States Armed Forces. The military's role in disaster relief efforts in South Florida following Hurricane Andrew and the military's current humanitarian-aid mission in Somalia provide evidence of its rapidly changing role and are instructive as to the different types of missions that American servicemembers may be called upon to carry out. It seems clear that such changes may have implications for VA and may require corresponding adjustments at VA.

A. In your view, should veterans of humanitarian military missions, such as Operation Restore Hope in Somalia, be eligible for traditional war-time veterans benefits, such as veterans' pension?

B. What principles do you believe should be followed in the effort to provide appropriate benefits and services to veterans of these types of missions?

Answer 17A. Under Public Law 102-25, signed April 6, 1991, Operation Desert Shield/Desert Storm activities were designated as a wartime period ("the Persian Gulf War") for the purposes of benefits under Title 38, United States Code. The effective date of this designation was August 2, 1990, and the ending date is to be a date prescribed by Presidential proclamation or by law. An ending date has not yet been prescribed.

Currently, persons on active duty since August 2, 1990, are considered as having served during a wartime period and might at some future date establish eligibility for VA nonservice-connected pension provided other qualifying criteria, such as length of service, character of discharge, and income and net worth limitations, are met.

Persons entering active duty after an end to the Persian Gulf War has been declared will not qualify for consideration for pension. Wartime periods are defined by law and do not simply reflect the occurrence of armed conflict. The invasions of Gra-

nada in 1983 and Panama in 1989, for example, involved armed conflict and casualties but occurred during a period of peacetime for VA purposes.

Operation Restore Hope has occurred during an already recognized wartime period. Its participants will qualify for consideration for wartime benefits.

Answer 17B. Service-connected compensation, as it has evolved throughout wartime and peacetime periods has addressed the needs of servicemembers who establish the existence of disabilities related to active military duty. Historically, many of our most far-reaching laws, regulations, and procedures concerning service connection involve complex issues that are peripheral or not necessarily related to combat, such as exposure to Agent Orange, exposure to ionizing radiation, and exposure to mustard gas.

RELATIONS WITH OFFICE OF MANAGEMENT AND BUDGET

Question 18. I am pleased to hear that your first order of business after being confirmed would be to establish an effective working relationship with the Office of Management and Budget. Obviously, that relationship has a significant and direct bearing on the development of VA budget requests.

A. Which department officials do you expect will have primary responsibility for daily or person-to-person contact with OMB officials?

B. Can you describe the types of circumstances under which you would personally become involved in negotiations with the OMB officials?

C. You indicated in response to my prehearing questions that you would appeal to President Clinton when you feel OMB's decisions impede VA's ability to provide necessary health care or monetary benefits to veterans. Can you give us an example of the type of OMB decision that you anticipate would lead you to appeal directly to the President?

Answer 18A. The Assistant Secretary for Finance and Information Resources Management, the Deputy Assistant Secretary for Budget and the Chief of Staff will work with OMB on a regular basis. A good rapport exists between the DAS for Budget and the VA branch of OMB. The Assistant Secretary for Finance and Information Resources Management will consult on a routine basis with the Program Associate Director for Human Resources, Veterans and Labor.

Answer 18B. To be effective with OMB, I must make it clear what my priorities are and what the requirements for resources are to accomplish these. Direct negotiations for myself would be with Director-designate Panetta when negotiations have reached the final stage at OMB.

Answer 18C. Recognizing the difficult job that Mr. Panetta has in reaching budget estimates within the overall caps, I expect the OMB position for VA resources at times to be less than requested. As I noted in response to the prehearing questions, the funding of VA programs is not responsible for the huge growth in federal spending. I will go to the President to get the funds necessary to improve program delivery for PTSD, homeless, and readjustment counseling, as well as maintain the health care delivery in our medical centers, nursing homes and outpatient clinics. For VBA, timeliness in benefit processing must improve. Staffing in the regional offices is needed for now while the options for consolidation and management improvements are examined.

RESPONSE TO CONGRESS

Question 19. In the past, VA has taken excessive time to provide agency views on legislation or program reports and to respond to oversight letters. We often have been told by VA that OMB is the source of delay and, conversely, by OMB that VA has been the responsible party. What steps will you take to ensure that official documents gain the necessary clearance and are transmitted to Congress expeditiously?

Answer. I realize the importance of timely communications between the Department and the Congress, and can assure you that I will take every action possible to assure that this objective is achieved. I would hope, however, that we can be afforded as much lead time as possible when requests for information are being submitted. Moreover, I am sure you are aware that requests which require intra-departmental concurrences can be somewhat time consuming.

OPERATIONAL EFFICIENCIES

Question 20. You indicated that, in order to reconcile the goals of both reducing the deficit and ensuring that veterans receive the benefits and services they deserve, you intend to run VA in an efficient and cost-effective manner and identify areas where cost savings would not jeopardize veterans benefits. I am virtually certain that there is widespread agreement on the merits of that position.

A. Are there any specific efficiency measures that you can identify at this time that would result in savings without jeopardizing veterans services?

B. We often have heard of attempts to reduce bureaucracy and improve efficiency at VA as a means to saving money and improve services. Unfortunately, the projected improvements in efficiency have not always materialized and the results have been staff reductions and diminished services. What will you do to ensure that your efficiency improvements accomplish their objectives without jeopardizing services?

C. Can you identify any efficiency programs that you have implemented while serving in your various positions in DAV?

Answer 20A. Mr. Chairman, I think that it would be premature for me to attempt a long list of specific measures without the opportunity to work with VA staff on them. It seems to me, however, that there may be three general areas where measures might be found.

One area is that of suggesting alternatives to current law and regulation. For example, today VA hospital care is mandated for some veterans who statutorily are not mandated to receive more clinically appropriate and cost-effective care in outpatient settings. Eliminating barriers which impede the appropriate use of outpatient care is a priority of eligibility reform.

A second area is ensuring that VA employees have modern equipment to use. For example, the modernization initiatives in the Veterans Benefits Administration will bring efficiencies to the work of our claims processors, thus accelerating the claims adjudication process for veterans. I intend to personally ensure that this initiative is fully realized.

A third area is limiting reports and other documents which the Department prepares for its own use. I would note that under the VA's Management Efficiency Pilot Program, VA found that more than two-thirds of its reporting and other requirements were self-imposed. By re-examining the need for such reports and eliminating those which are unnecessary, VA staff would be freed to devote additional time to direct service delivery.

Answer 20B. I agree with your comments about the effects of "reducing bureaucracy." Too often this phrase has been a code word for reducing the number of staff either directly or through reductions in the numbers of jobs that can be filled or the amount of money that may be spent on salaries and benefits. I know very well that health care is not furnished and benefits claims are not adjudicated by machines. Real people are needed to perform and to supervise the performance of these functions.

Reducing budgets and increasing efficiency are not the same thing and I intend to adopt policies which motivate the provision of high quality services at least cost. Achieving this goal will be more demanding than simply providing fewer services or poor quality services at less cost.

Answer 20C. While at the DAV, I implemented a National Service Officers' training program. I also oversaw the development of a nationwide computer system and a FAX network to expedite the sharing of information. During my time at DAV, I instituted a line-by-line review of the DAV's budget. All of these accomplishments served to increase productivity of the existing staff.

INDEPENDENT BUDGET

Question 21. Are there any specific proposals from previous Independent Budgets on which you specifically have worked, or that are consistent with President-elect Clinton's philosophy that you intend to implement as Secretary, if confirmed?

Answer. Two major items fitting that description will receive early attention in my administration: medical care eligibility reform, and a clear role for the VA in national health care reform.

FY 1994 BUDGET

Question 22A. Do you know when we will receive VA's FY 1994 budget recommendations?

22B. Do you agree to brief the Committee on the Administration's budget submission as soon as possible?

Answer 22A. There is no announced schedule yet for the submission of the budget. The assumption within the budget staffs is a mid-March submission to Congress.

Answer 22B. Yes, as I stated previously, the VA team will be sensitive to the needs of Congress. With this year's budget process delayed, we expect the hearing with your Committee and the Appropriations Committee to be concentrated within a few weeks or each other. VA program and budget staffs will be available to discuss

the budget with your staffs as you prepare for the hearings and review of our budget request.

COMPENSATION COLA DELAY OR CUT

Question 23. The fiscal year 1992 Independent Budget stated, "... the VSOs . . . have stated that veterans and their survivors would accept a COLA delay or cut, if it applied across-the-board to other benefit and retirement programs." Do you personally support such a means of reducing the deficit?

Answer. Such a proposal would need to be examined closely in the context of many factors, including the needs of veterans, as well as the bigger national picture.

TAX STATUS OF VA COMPENSATION

Question 24. As you know, last year the Bush Administration issued an opinion that could have eliminated the historic tax-exempt status of certain veterans benefits. Congress, led by your fellow Cabinet-designee, Senator Lloyd Bentsen, included in H.R. 11, the urban-aid tax bill, a provision to clarify the historical tax-exempt status of veterans benefits. Unfortunately, President Bush vetoed H.R. 11. The Treasury Department partially overturned the original decision, restoring the tax-exempt status of home-loan and similar debt waivers, disability-related payments, and all in-kind VA benefits provided as of September 9, 1986, but has not ruled on any other veterans benefits.

A. What will be the Clinton Administration's position on the taxability of veterans benefits?

B. If confirmed, will you advocate that the Administration submit legislation to clarify the Internal Revenue Code provision at issue?

Answer 24A. While Treasury (IRS) is responsible for determining issues of taxation, I do not believe Congress intended VA benefits to be subject to taxation and I would certainly advocate that position within the Administration.

Answer 24B. Yes.

DIC REFORM

Question 25. As you know, last year, Congress enacted landmark legislation, reforming VA's dependency and indemnity compensation system. That legislation replaces the rank-based system of compensation with one that recognizes the length and severity of a veteran's disability.

The legislation requires VA to determine for each beneficiary awarded compensation before the January 1, 1993, effective date whether his or her compensation would be greater under the previous system or as calculated under the revised rates. This determination is obviously important to all beneficiaries.

How will you ensure that those causes are reviewed quickly and will you agree to report to us regularly on your progress?

Answer. DIC reform provides that if a veteran died prior to January 1, 1993, the surviving spouse shall be entitled to the basic DIC rate payable under the current system based upon the veteran's pay grade OR payment under the new formula, whichever provides the greater benefit. Under the new formula, the basic monthly DIC rate is \$750. The surviving spouse is entitled to an additional \$165 per month if, at the time of the veteran's death, the veteran was in receipt of or entitled to receive compensation for a service-connected disability rated totally disabling for a continuous period of at least 8 years immediately preceding death AND the surviving spouse was married to the veteran for those same 8 years.

As of December 1, 1992, there were 184,571 surviving spouses receiving benefits of less than \$750 based upon pay grades E-1 through E-6. VA has already automatically increased these surviving spouses' benefits to the new minimum basic rate of \$750 effective January 1, 1993.

The dependency allowance for surviving spouses with dependent children was increased to \$100 per child per month effective January 1, 1993. Benefits have also been automatically adjusted to reflect this increase.

VA could not use computer data to automatically adjust for the \$915 rate. Therefore, Regional Offices must review 144,330 cases where the basic DIC rate was less than \$915 as of January 1, 1993. Of these 144,330 recipients, approximately 31,500 have entitlement to the service departments' Survivors Benefit Plan (SBP). We expect this last portion of the DIC reform review to be completed in May 1993.

Regional Offices were provided initial implementing instructions in VBA Circular 21-92-7 dated November 23, 1992.

A special work measurement control (end product 694) has been assigned for these cases. We will, of course, be happy to provide periodic reports regarding our progress.

SMALL BUSINESS LOANS

Question 26. During the last Congress, several suggestions were made to develop a small business loan program for veterans, the common goals of which would be to create new jobs and help cushion the impact of the downsizing of the military. One proposal involved the creation [of] a VA program to guarantee up to 50 percent of the loan amount, with a maximum loan amount of \$100,000. Another would guarantee up to 90 percent of a loan, with a maximum of \$200,000.

A. What are your personal views as to the merits of a VA-administered small business loan program?

B. What do you believe would be an appropriate maximum loan amount and guarantee limit for such a program to be useful?

C. Do you know if the incoming Administration supports the establishment and funding of such a program within VA?

Answer 26A. During the latter part of 1992, in response to criticism that the program currently operated by the Small Business Administration (SBA) was underutilized, VA developed a proposal for a VA-guaranteed small business loan program. The sluggish economy, tightening of bank regulations, the failure of smaller financial institutions, and the reluctance of banks to make small dollar business loans contributed to the decline of capital available to veterans to start or expand a business.

Cost estimates were developed using various scenarios related to loan volume, default rates, claims paid, administrative costs, etc. These estimates indicated that substantial expenditures would be necessary to offset anticipated claims by lenders for defaulted loans and to acquire logistical resources to enable VA to operate a business loan program. Costed out over a five-year period, up to \$500 million in appropriations could be needed for program operations, depending on default experience. VA would also need to develop expertise in a whole new field.

A program such as this certainly has some merits. However, I will need to review it, if I am confirmed, in light of budgetary constraints.

Answer 26B. In developing the VA business loan proposal, it became apparent that there is a need for business loans in amounts ranging from \$5,000 to \$100,000. Although SBA does a fine job in providing business credit in larger amounts, only 2% of its loans are under \$50,000, and only 11% are under \$100,000. Lenders are less receptive to making SBA small dollar loans because they regard them as less profitable since they require the same paperwork to process as larger loans, with no increase in fees to the lender. However, with higher fees to the lender, such as a 2% origination fee, lenders should be more willing to make loans of \$100,000 or less. Also, a guaranty of 50% of the loan amount should be adequate to encourage lenders to make such small business credit available to veterans.

Answer 26C. I am certain that the incoming Administration fully supports improved opportunities for veterans to obtain small business loans.

TRANSITION ASSISTANCE FOR DISABLED SERVICEMEMBERS

Question 27. VA's disabled transition assistance program (DTAP) has demonstrated effectiveness in providing counseling and assistance to disabled servicemembers who are within 180 days of being discharged or released from the Armed Forces. Unfortunately, the program's success presents a management dilemma. Cutting back outreach—which has been done in the recent past—allows the backlog to stabilize but eliminates the opportunity for servicemembers most in need of VA counseling and assistance to receive this help. How would you balance the VA's obligation to reach disabled servicemembers just prior to their discharge with your management responsibility to reduce a caseload that is already enormous?

Answer. Both objectives must be accomplished—special services to disabled servicemembers must be provided and overall pending caseloads must be reduced. These objectives appear incompatible and not accomplishable given current program requirements and staffing levels. However, given the probability that little or no additional staffing can be allocated, some changes in administrative handling of Vocational Rehabilitation claims is a necessity. VA must undertake an effort to identify all limitations and barriers in the administrative process and remove them. Its goal should be to remove all administrative requirements and paperwork activities except those absolutely necessary to support the initiation of training. If legislative assistance is needed, we will ask for it.

EDUCATION OUTREACH

Question 28. In response to prehearing question 43, you indicated that you would encourage the continuation of the Veterans' Education Outreach Program, a program which places veterans representatives on school campuses to provide outreach services to veterans. Since that program was not reauthorized in the Department of Education beyond FY 1993, would you seek to have a similar program authorized within VA?

Answer. There are obvious advantages to a segment of the veteran population and a segment of the education community by the continuation of the Veterans Education Outreach Program. This long-standing program can assist veterans in understanding education and training opportunities, and in fulfilling their education and training objectives. However, I recognize that the advantages of such a program must also be weighed against budgetary needs and constraints.

The need for this program has diminished somewhat in recent years as there are far fewer educationally disadvantaged veterans leaving active duty. In addition, many educational institutions advise they have no need to recruit students, that they are already oversubscribed. Thus, this can be a positive program, but it is not an absolutely necessary program.

COMPUTER SYSTEMS

Question 29. I was glad to see that in response to pre-hearing question 48 you said that VA's computer modernization program will be one of your top priorities. To me, information management lies at the heart of service delivery. Unfortunately, at the moment, VA can not follow a veteran through the medical system with a ready record of medications or determine where he or she has been treated throughout the country. Much of the time a veteran spends waiting for a claim to be processed is unrelated to the claim itself; rather, much time is spent obtaining and verifying information already available in another VA record. A matter as basic as changing a veteran's address currently cannot be done in one spot for all VA health and benefits record.

A. Do you support the development of a Master Veterans' Record for core data that would link all VA health and benefits systems on record, and would you make such a development one of your priorities?

B. In everyday life, we have come to expect a certain level of service from the private sector. Businesses provide customers with ATM cards, credit cards, and telephone information systems to enhance services and increase work efficiency. Do you feel similar ideas could be applied to VA to improve current service delivery standards for its customers? If so, how would you plan to direct VA in this area?

C. There is a close association between VA and other Federal agencies, notably the Department of Defense. Furthermore, VA activities are not unlike activities pursued in universities and private industry. In the area of information systems, please comment on the opportunities you see for joint projects and cooperative efforts with others in government at the Federal, State and local levels, and in the business of academic communities.

Answer 29A. I strongly support the development of a Master Veteran Record and will ensure that a high priority is given to this project. A Master Veteran Record would begin on enlistment in the military and continue until burial benefits are received from VA. In order to create a Master Veteran Record, appropriate files from the numerous "program-based" systems presently existing throughout the Department must be integrated into a "veteran-based" record which would be made available electronically to all VA facilities. The Master Veteran Record, now in the conceptual design stage, would make it easier for veterans to apply for benefits, and would provide faster determination of eligibility and consistent service throughout the Department. The Master Veteran Record would form the cornerstone for providing a truly veteran-based system within VA.

Answer 29B. VA must definitely move forward in assuring that the expectations of veterans are met. My goal is for the VA to reach beyond the private sector's level of service and concentrate on building a 21st century infrastructure which will result in a world class environment for our veterans. The Service to the Citizen project is a governmentwide initiative to find ways to respond to the expectations or higher standards of public service delivery. Within VA, a Service to the Veteran project is directed at improving veterans access to VA data and at improving the way VA delivers service to the individual veteran. Various strategies have been identified that respond to the needs of our veterans. In order to accomplish the "any time, any place" objectives, the VA must reach beyond its present facilities to locations closer to the veteran population. A proposed pilot IRM initiative directed at

accomplishing this centers around placing kiosks in community facilities (such as shopping malls). Veterans would be able to easily access information on VA benefits available, receive copies of forms needed to apply for VA benefits, and request additional information and assistance.

Answer 29C. VA has identified many opportunities to form joint ventures with local, state, and Federal agencies in addition to universities and private industry. During the past year, VA has been working with the Departments of Defense (DOD) and Treasury to implement the electronic transfer of Servicemen's Group Life Insurance expected to result in an annual increase of \$760,000 in interest accruals. The success of this initial pilot project could lead to many other electronic fund transfer projects with DOD and other government agencies that would save VA several million dollars annually. The possibility of additional financial transfers of this type is being considered. VA and DOD are also working closely on the conceptual design of the Master Veteran Record.

The Service to the Citizen project requires that VA work with other Federal agencies (GSA, IRS, SSA, etc.) in addition to several universities (Harvard, Syracuse). VA is initiating an Outreach Information Kiosks project which will result in VA forming partnerships with private sector companies; local, state, and Federal agencies; and a number of shopping malls throughout the country.

CIRCULAR 00-92-9

DEPARTMENT OF VETERANS AFFAIRS,
WASHINGTON, DC,
April 29, 1992.

POLICY GUIDANCE RELATING TO CONGRESSIONAL RELATIONS ACTIVITIES

1. PURPOSE.

The purposes of this Circular are to:

- a. define lines of communication concerning congressional relations within the Department;
- b. provide for coherent, timely, accurate and coordinated release of information to the Congress, and
- c. provide direction to Administration Heads, Assistant Secretaries, Deputy Assistant Secretaries and other Key Officials in reporting interactions with the Congress.

2. DEPARTMENT RELATIONS WITH THE CONGRESS. Overall responsibility for coordinating Department relations and activities with the legislative branch is assigned to the Assistant Secretary for Congressional Affairs (009). The Office of Congressional Affairs will be the focal point for Department interaction, management and coordination of congressional affairs activities and will serve as the point of contact on policy matters involving the Congress. VA employees are expected to respond forthrightly and directly to requests for information from Members of Congress and their staffs. However, to ensure the necessary coordination of operational and policy issues, Report of Contact will be prepared and submitted to the Office of Congressional Affairs. Reports of Contact involving routine constituent casework or purely social contacts are not required.

3. REPORTING REQUIREMENTS. In the course of standard operations of the Department, employees may have telephone or person contact with Members of Congress, their staffs or other employees of the legislative branch. Such contacts, with the exception of routine information, constituent casework and social contacts, generally should be reported. All contacts, including telephone contacts, involving the discussion or interpretation of Department policy and politically or otherwise sensitive matters involving Department goals, mission, budget or programs must be reported. This requirement is intended to be inclusive rather than exclusive. If doubt exists whether a contact should be reported, report it.

All meetings that are scheduled between VACO or field personnel and Members of the House of Representatives or the U.S. Senate, congressional staff (whether personal staff or committee staff), or other employees of the legislative branch will be reported to the Office of Congressional Affairs immediately upon scheduling. The report should detail the date, time, place, agenda and anticipated attendees for the planned meeting. Generally, an OCA staff member will accompany VACO personnel in meetings with members of Congress or congressional staffs.

4. REPORTING PROCEDURES.

a. Documentation of contacts as required in this circular should be by electronic mail whenever feasible or in the form of a written memorandum or report of contact when electronic mail is not feasible. Reports of contacts should be provided to the Office of Congressional Affairs (60C) within one work day of the contact.

b. Provide the Office of Congressional Affairs (60C) with a copy of all congressional correspondence originating at VACO and field stations except that which only involves routine information, casework or purely social contact.

5. EXCLUSIONS. The Office of the Inspector General is specifically excluded from the requirement of this Circular.

6. COMPLIANCE RESPONSIBILITY. Administration Heads, Assistant Secretaries, Deputy Assistant Secretaries and other Key Officials will monitor compliance with this Circular by officials and employees under their jurisdiction, including field station level, and will issue instructions as necessary, with the concurrence of the Assistant Secretary for Congressional Affairs.

7. RECISSION. This Circular is rescinded on April 1, 1993.

EDWARD J. DERWINSKI,
Secretary.

WRITTEN POST-HEARING QUESTIONS FROM SENATOR AKAKA TO SECRETARY-DESIGNATE JESSE BROWN AND THE RESPONSES

Question 1. The autonomy of the vet center program has repeatedly been threatened by Administration attempts to bring it physically and administratively under the control of local medical centers. Congress has consistently blocked such attempts. What are your views on this issue?

Answer. I am well aware that VA's provision of readjustment counseling, the establishment of the vet centers, and the operation of the Readjustment Counseling Service are matters in which the Congress has taken particular interest, since the first hearings were held on the psychological difficulties of returnees from Vietnam in 1969. The Congress has taken many legislative actions and exercised recurrently forceful oversight in this area for many years. In general, the net result is that this is a program of VA services which is functioning quite well as of 1993. It has been called to my attention that there has been no adverse publicity about vet center services anywhere nationwide for the past seven years, that vet centers have implemented services for Persian Gulf, Lebanon, Grenada, and Panama veterans and their family members are quite satisfied with readjustment counseling.

Question 2. In the near future, I intend to introduce legislation to significantly revise the mission, structure, and functions of the Readjustment Counseling Service (RCS). The primary goal of the legislation would be to preserve RCS's unique character as a flexible, informal, confidential, community-based program with line-authority independence from local medical centers. One of its key features would be to establish RCS as a statutory organization within VA, and thus, permanently retain its autonomy within the Veterans Health Administration. Would you be willing to work with me in developing and enacting such legislation?

Answer. As indicated in my response to question No. 1, it appears to me that the Readjustment Counseling Service Vet Centers are a well-functioning component of the VA health care system. I will be pleased to review the legislation which you are planning, when it is developed, and the Department will present its views at that time. Meanwhile, we will be happy to furnish any information you may request during the process of legislative analysis and development.

Question 3. As a racial minority yourself, do you believe that minority veterans have special problems and needs that are not adequately addressed by VA? If so, what are your plans to ensure that minority needs receive proper attention?

Answer. Yes, I believe that the cultural backgrounds and experiences of minority group members sometimes foster special needs that a mainstream approach may not fully address. In passing the Chief Minority Affairs Officer legislation, Congress acknowledged these special needs and put in place a mechanism to address them. I intend to use this mechanism to ensure that minority veterans enjoy full access to the services and benefits VA provides.

Question 4. As you know, Congress recently created the position of Chief Minority Affairs Officer (CMAO) within VA. The legislation was intended to ensure that concern for the unique needs of minority veterans for VA services and benefits is institutionalized at the highest policymaking levels. Unfortunately, VA has yet to fully implement the CAMO legislation. A major stumbling block has been the problem

of ensuring that individual minority groups receive equal attention. Another outstanding issue has been to determine to what Assistant Secretary the CMAO function should be assigned. What are your plans for implementing the Chief Minority Affairs Officer (CMAO) legislation? Would you be willing to consult with me and other interested members of Congress before you carry out any plans for the CMAO position?

Answer. It is my understanding that former Secretary Derwinski assigned the CMAO function to the Assistant Secretary for Human Resources and Administration. While the Act has not been fully implemented, the CMAO developed a plan for carrying out his responsibilities that includes creation of a chartered Minority Veterans Advisory Council. A request for chartering this Council is now awaiting action at the General Services Administration. I intend to give careful consideration to the actions taken to date, and to vigorously pursue full implementation of the Act. I would be pleased to consult with Members of Congress regarding the CMAO position.

Question 5. In 1989, Congress required VA to undertake a comprehensive study of the prevalence and incidence of PTSD and other psychological problems suffered by certain minority groups (Asians, Pacific Islanders, Native Americans, Native Alaskans) that were excluded from the 1988 National Vietnam Veterans Readjustment Study. However, it was not until Congress earmarked \$1.5 million in annually recurring funds in the FY 1991 appropriations bill that VA began work on the study. Subsequently, VA agreed to allocate an additional \$1.5 million for the study, for a total budget of \$3 million. I recently learned that the Hawaii component of the study is expected to experience cost overruns, which will cause the study to exceed its original \$3 million budget. Would you agree that VA should make available whatever additional funds are necessary to complete the study as originally planned?

Answer. Most aspects of the Matsunaga study are proceeding as planned, on schedule and within budget. While the Hawaii component has developed some staffing and administrative problems, these are being resolved. The end product of the Matsunaga study is expected to be a model of excellent cross-cultural epidemiological research, which should significantly enhance our ability to identify and treat PTSD in members of the groups being studied. It is not clear, at this time, that there will be cost overruns in completing the Matsunaga study, but if these should occur, VA will make every effort to ensure that the project meets its established goals.

Question 6. Because of interest that the Matsunaga study has stimulated in cross-cultural research, there has been great interest in the scientific community for undertaking a similar study aimed at African-Americans, Hispanics, and women. Because the \$1.5 million that Congress originally earmarked for the study has been determined to be "recurring funds," I would expect that VA already possesses the resources to carry out such an initiative after completion of the Matsunaga study. What are your thoughts on this matter?

Answer. VA is already taking steps to further study previously unreviewed data collected by the National Vietnam Veterans Readjustment Study (NVVRS), which includes information on the African-American, Hispanic, women and physically disabled study cohorts. Also, VA's National Center for PTSD has recently established a Women's Stress Disorder Division with funds from the FY 1993 Congressional appropriation for the National Center. VA has great interest in using the approaches developed in the Matsunaga Study to create ethno-culturally sensitive instruments with which to re-visit the question of PTSD in special populations including African-American, Hispanic and women veterans. Recurring funds from the Matsunaga study will be available to support such studies.

Question 7. Two years ago, Congress mandated that VA establish a specialized inpatient/residential treatment facility in Hawaii for veterans suffering from PTSD and other psychological problems. Congress appropriated \$2 million for the Pacific Center for PTSD and War-Related Disorders, as it is known in each of the last two years. I am of course interested in seeing this facility become operational as soon as possible. What are your thoughts with regard to the Pacific Center?

Answer. The Pacific Center for PTSD's inpatient care capabilities are being developed as rapidly as possible. A major breakthrough came recently when the local community approved the use of the site chosen by Pacific Center staff for the inpatient unit on the island of Hawaii. Congressional support for VA's use of this site was instrumental in gaining this approval, which was vital given the premium on real estate in the Hawaiian islands. Every effort will be made to assist the Pacific Center staff in making the inpatient unit operational as soon as possible. The initial \$2 million is already committed and in use by the Pacific Center. For 1993, with

the \$2 million already in our base, we will add \$1 million for a total of \$3 million this year.

Question 8. The long-planned Spark Matsunaga VA Medical Center appears to be well on its way to becoming a reality, after years of delay. Congress appropriated \$18 million for the \$158-plus million facility in FY 1993; this is in addition to \$3 million in advanced planning funds previously appropriated by Congress in FY 1990. Are you committed to providing adequate funds and establishing this facility by the 1997 deadline?

Answer. Yes. It should be noted, however, that the latest plan ("Scheme 5") for the new Matsunaga VAMC will most likely result in the actual activation of the complete facility in 1998, rather than in 1997. This is primarily due to the necessary changes in design and construction preparation and scheduling which will now be required under "Scheme 5."

Question 9. The latest plan for the Matsunaga VAMC calls for it to be built in conjunction with Tripler Army Medical Center. The old Tripler E-wing will be renovated to house medical administrative services and the regional office. Tripler's F-wing will be enlarged to accommodate a VA outpatient clinic as well as 105 surgery, medicine and psychiatry beds. Finally, a free-standing 60-bed nursing home will be built adjacent to the military facility. Is this your understanding of the plan? If so, can you give me your assurances that VA will abide by this latest plan? Can you assure me that VA will not seek to reduce either the size or scope of the hospital as proposed in this plan?

Answer. Yes. As noted in response to question No. 8, VA is committed to this latest plan ("Scheme 5"), and I am aware of no reason why we would reduce the size or the scope of this planned facility.

Question 10. The State of Hawaii is in the process of building a \$22 million state veterans cemetery on the island of Oahu. The state is also planning to upgrade and develop cemeteries on the neighbor islands of Kauai, Maui, Molokai and Hawaii for a total cost of \$3 million. Do you foresee Hawaii having any problem in obtaining VA matching grants for these projects?

Answer. The new cemetery in Oahu is being constructed in four phases. Grants totalling \$8.3 million have already been awarded for phases I through III. Funding is available in FY 1993 for the estimated \$2.3 million for Phase IV development, and \$850,000 for the Federal share of land value on Oahu.

In addition to the funding for Oahu, there will be sufficient funds available within the current 1993 request level to accommodate the prospective grant applications for the upgrade and development of cemeteries on the neighbor islands of Kauai, Maui, Molokai, Lanai and Hawaii.

Question 11. Veterans in the neighbor islands of Hawaii are eligible for fee-basis and contract care, if VA care is not available. Fee-basis/contract care is available to veterans in other states as well, notably Alaska and other "rural" states. However, it appears that eligibility for such care is not applied consistently throughout the Nation. Would you consider ordering a review of this issue if and when you take office?

Answer. Eligibility for VA medical services in the non-contiguous areas such as Hawaii, Alaska, and the U.S. territories other than Puerto Rico, is different in scope than that available to veterans in the contiguous states. The intent of the legislation that established these differences was to provide needed hospital and outpatient care for veterans, particularly certain nonservice-connected veterans who would not otherwise be eligible, in areas where there is no VA inpatient facility.

Eligibility for non-VA hospital and fee-basis outpatient care at VA expense for veterans in the contiguous states is defined in current statutes and all of our facilities have guidelines to follow to determine when VA may authorize such care. The policies and guidelines apply to all contiguous states, though the usage rate may be higher in states where veterans eligible for non-VA care live remote from VA facilities.

The VA health care system is currently encumbered with an irrational, inconsistent, and inappropriate series of definitions under which veterans may be treated in various delivery settings. Any eligibility reform proposal should clearly define non-VA hospital and fee-basis outpatient care so they can be administered equitably and consistently.

Question 12. What are your thoughts on the matter of making the pay of members of the Board of Veterans Appeals equal to that of administrative law judges?

Answer. I recognize this is an important area and we will examine carefully the proposal to increase Board Members' compensation.

Question 13. The Native American Veterans Home Loan Equity Act of 1992 established a direct home loan pilot program to make housing available for Native American veterans who live on reservations. I understand that the Department wishes

to develop extensive regulations before implementing the program. Are regulations absolutely necessary? How soon can we expect the Department to select the initial test sites, develop appropriate regulations, enter into agreements with tribal authorities, and begin offering direct loans to eligible veterans?

Answer. Section 8 of the Veterans Home Loan Program Amendments of 1992, Public Law 102-547, established a pilot program to make direct home loans available to Native American veterans living on trust lands. While this law does not specifically require regulations, VA is required to publish regulations pursuant to the Administrative Procedures Act, 5 U.S.C. 553. In order to implement the program as soon as possible, VA plans to publish interim final regulations which will take effect upon publication, rather than proposed regulations followed by final regulations. Rather than designating test sites, VA plans to make these loans available, to the extent funding permits, wherever a tribe has entered into a memorandum of understanding with the Secretary and adopted the necessary ordinances on foreclosure and resale procedure. We are hopeful that the regulations will be in place and at least one memorandum of understanding finalized by June 1993.

WRITTEN POST-HEARING QUESTIONS FROM SENATOR DASCHLE TO SECRETARY-DESIGNATE JESSE BROWN AND THE RESPONSES

Question 1. In answers to the Committee's pre-hearing questions, you stated that the VA has the authority to treat veterans who are not service-connected for PTSD in Vet Centers. There is no priority treatment, however, for non-service-connected veterans who may be in need of inpatient treatment.

What are your views on whether veterans needing inpatient care should be forced to undergo adjudication before receiving care, particularly since treatment could obviate the need for disability compensation?

Answer. Veterans requiring inpatient care for an acute condition, without regard to their service-connected status, are offered admission to a VA medical facility without the need for the adjudicative process. Admission of a veteran does not obviate the need for disability compensation. Disability compensation is available for veterans whose condition is found to have been incurred in or aggravated by military service irrespective of their hospital admissions. I see no need to alter current statutes regarding this issue.

Question 2. As you may know, the Chief Medical Director's Special Committee on PTSD has reported on the need to address the geographic disproportion of specialized PTSD services within the VA system. These services tend to be located in the eastern part of the country, which does not contain the highest proportions of veterans suffering from this disease. Access to these services by rural veterans in the upper midwest is extremely limited. For example, South Dakotans currently must travel to Tomah, Michigan or Little Rock, Arkansas to receive inpatient PTSD care.

If confirmed as Secretary, what are your plans for addressing this problem?

Answer. An equitable system-wide dispersion of treatment care facilities, and capabilities is a major concern of VA clinical planners in establishing new or expanded PTSD programs. Input from the Under Secretary for Health's (formerly Chief Medical Director) Special Committee on PTSD is incorporated in these decisions. In the FY 1991 and 1992 funding cycles, provision of care to underserved populations, including rural veterans, was an area of focus, as it will be in FY 1993. Currently, there are 10 inpatient PTSD treatment units in the Eastern Region; 10 in the Central Region; 8 in the Southern Region, and 9 in the Western Region. The distribution of PTSD Clinical Teams, which provide specialized outpatient PTSD treatment services, includes 15 in the Eastern Region; 10 in the Central Region; 19 in the Southern Region and 12 in the Western Region.

Question 3. The National Center for PTSD is undertaking a \$1.5 million study of Native Americans (including Pacific and Asian Americans) suffering from PTSD. It is my understanding that this study, or portions of it, has been delayed and will be delayed for many more months, if not years.

Are you aware of this study, and if confirmed, will you take an active interest in the completion and proper consideration of this report?

Answer. Most aspects of the Congressionally-mandated study of the prevalence and incidence of PTSD in Asians, Pacific Islanders, Native Americans and Native Alaskans, (the Matsunaga study) are proceeding as planned, on schedule and within budget. While the Hawaii component has developed some staffing and administrative problems, these are being resolved. The end product of the Matsunaga study is expected to be a model of excellent cross-cultural epidemiological research, which should significantly enhance our ability to identify and treat PTSD in members of the groups being studied. It is not clear, at this time, that there will be delays in

completing the Matsunaga study, but if these should occur, VA will make every effort to ensure that the project meets its established goals.

Question 4. As you know, rural veterans rely on beneficiary travel reimbursement to defray the costs of traveling to VA hospitals. The current reimbursement rate for beneficiary travel is 11 cents per mile for veterans and 18 cents per mile for VA employees. Veterans traveling solely at the convenience of the government are reimbursed for 17 cents per mile and VA employees are paid 25 cents per mile.

a. What are your views on the continuation of beneficiary travel reimbursement?

b. Do you foresee taking action to eliminate the disparity between the two rates?

Answer. VA conducts studies of the beneficiary travel reimbursement rate to determine if adjustments are warranted. The studies are conducted and concurred with by the Administrator of the General Services Administration, the Secretary of Transportation, the Comptroller General, and representatives of veterans' service organizations. The funding for beneficiary travel reimbursement is appropriated from dollars budgeted to provide medical care to veterans. The additional cost of increasing the mileage reimbursement rate for beneficiary travel cannot be absorbed by VA without a negative impact in providing medical care to veterans; therefore, I do not plan to initiate a rate increase in this program in the near future.

In most instances, veterans' service organizations have volunteered to provide transportation services to the majority of veterans in rural areas which has allowed VA to use allocated funding for medical care and treatment. Any increase in the beneficiary travel rate would mean that direct medical care services would have to be reduced and some veterans would be denied needed medical care.

VA and other government employee travel rates are established by the General Services Administration each year and published in the Federal Register and Federal Travel Regulations.

Question 5. In rural areas, non-traditional medical professionals have become increasingly important for continued operation of medical centers. What are your views on VA's ability to recruit and retain these professionals—particularly physician assistants and nurse anesthetists?

Answer. The competition for non-traditional medical professionals such as Physician Assistants and Nurse Anesthetists in rural areas is keen. VA recognizes the importance of these professionals in carrying out its health care mission and has implemented a number of initiatives to enhance its ability to recruit and retain them. For example, the "grow-our-own" programs allow VA employees to attend school full time while retaining full salaries and receiving tuition reimbursement for up to two years to complete the educational requirements for employment as Physician Assistants and Nurse Anesthetists. Additionally, the Locality Pay System (LPS) for nurses, which was implemented in April 1991, is helping VA meet its nurse anesthetist staffing needs. Other occupations are being considered for LPS coverage in accordance with applicable law. VA's Office of Health Care Staff Development and Retention has been established to monitor recruitment and retention and initiate necessary action to ensure that the Department's health care staffing needs are met.

Question 6. In 1991, the VA Inspector General recommended closure of rural VA surgical wards that treated fewer than set numbers of patients. Although the conclusions reached in that report were overturned by the Chief Medical Director in most cases, the prevalent attitude in Washington seems to be that rural hospitals are not as "needed" as the urban VA Medical Centers.

A. What is your evaluation of the need for rural medical centers?

B. Would you pursue policies to increase access to those facilities—such as better transportation systems, sharing agreements, and other creative approaches—over the closing of these facilities?

Answer 6A. We have a deep commitment to improving health services available to veterans in remote and rural areas. However, most health services needed are outpatient and long term care. As responsible managers of scarce federal funds, we must evaluate each situation to see if we can provide higher quality services by maintaining and strengthening low volume acute care hospitals or by expanding outpatient treatment and access and developing alternative providers for acute inpatient services, be they VA or non-VA, through contract or sharing arrangements. We intend to vigorously pursue recommendation of the Commission on the Future Structure of Veterans Health Care ("Mission Commission") to "use a wide range of innovative approaches to improve health care and services for veterans who have special access problems." In this regard, we have recently begun a pilot program of mobile clinics and are rapidly expanding our sharing arrangements with the Department of Defense.

Answer 6B. Yes, wherever we can maintain delivery of high quality health care in a cost effective manner. However, when the population of actual and potential veteran users falls to levels below which quality care can be assured or the costs of providing services "in house" become excessive, we must explore all alternatives. In some instances, (as we demonstrated in the small surgery program) we may conclude that no viable alternative exists which would preserve our ability to assure quality health care to the affected veterans. In such instances, we will support relatively low volume VA facilities. However, we will not support facilities unable to assure quality care and, in other cases, may be able to provide better services to more rural veterans more efficiently through alternative mechanisms.

Question 7. In your answers to the Committee's pre-hearing questions related to Agent Orange, you referred to conditions that "have or have not been caused by exposure to dioxin as used in Vietnam." You also stated that the National Academy of Sciences (NAS) is required to investigate the "question of causation and reports its findings to the Congress."

First, I'd like to clarify that NAS's mandate is not limited to the "question of causation." Nor is the disability compensation issue a "question of causation," since the law requires compensation in cases where a condition may have been caused or aggravated by military service or a condition of such service. In fact, the issue of causation is one that may not be solved for quite some time—certainly not in time to help the thousands of veterans and their children affected by Agent Orange. According to PL 102-4, NAS "shall review and summarize the scientific evidence, and assess the strength thereof, concerning the association between exposure to an herbicide used in support of the United States and allied military operations in the Republic of Vietnam during the Vietnam era and each disease suspected to be associated with such exposure." The Secretary, in turn, shall review the NAS reports, and any other relevant evidence, and determine for each disease whether it is "at least as likely as not" that there is a "statistically significant association" between such disease and exposure to Agent Orange/dioxin, and to grant presumptive disability compensation for those diseases that meet that level of association with exposure.

My point is that the standard of causation is an unfair standard for Agent Orange claimants—one that "atomic veterans" and others receiving presumptive disability compensation have not had to meet—and that the benefit of the doubt should go to the veteran filing the disability claim. Do you share that view?

Answer. I do share that view and hasten to point out that VA currently operates under rules requiring simply a significant statistical association, and not a cause-and-effect relationship, in establishing service connection due to Agent Orange exposure. For VA purposes a "significant statistical association" means that the evidence demonstrates that it is at least as likely as not that the relationship of a disease to dioxin exposure exists. Under Public Law 102-4, the Agent Orange Act of 1991, both VA and NAS will apply the same standards in determining presumptive service connection based on exposure to Agent Orange.

Question 8. You have expressed a great concern about and commitment to the effort to improve the claims adjudication process at the VA. I believe you are right to be concerned and applaud your commitment. Over the past several months, I have been receiving complaints from South Dakota and from across the country from Vietnam veterans whose Agent Orange-related disability claims have been held up indefinitely. I am referring now to claimants suffering diseases or conditions that are not currently recognized by the VA as service-connected. Apparently, instead of having their claims denied (or approved), these veterans are being told that their claims are "in limbo" until the VA writes new regulations. While this would have been a reasonable VA response during the period that VA Agent Orange regulations were being reviewed as a result of the *Nehmer* decision, the VA position makes no sense now that the regulatory process is over. The end result, for all intents and purposes, is that the claimants' opportunities to appeal are being denied.

For your review, I am enclosing a copy of a letter from the VA received by one veteran who believes his thyroid cancer is associated with his exposure to Agent Orange. I have redacted information linking the letter to the veteran or the particular VA office because this is apparently happening in several different parts of the country. However, please note the date of the letter, which shows that the VA has used the argument of pending Agent Orange regulations as recently as November. If this situation is as widespread as I fear it could be, thousands of Vietnam veterans could be waiting for phantom VA regulations to determine the fate of their disability claims. Those who might want to pursue appeals of denials of their claims are losing valuable time.

I would appreciate your review of this situation and your thoughts on how it could be addressed.

Answer. As part of the final stipulation in the decision in the *Nehmer v. VA* lawsuit, VA agreed not to disallow claims based on exposure to Agent Orange for conditions for which it had not make a determination until after it has considered the initial report from the National Academy of Sciences, due July 31, 1993.

The notification letter to which you refer is inadequate, and VA has instructed its regional offices to use language similar to the attached in the future.

Question 9. Regarding the VA's regulations for soft-tissue sarcoma, I am concerned that there could be another problem. As you may know, there are two separate sets of VA regulations—one issued as a result of Secretary Derwinski's determination following the new regulations inspired by the *Nehmer* decision and another required by the Agent Orange Act of 1991 (PL 102-4) and still in proposed form. Unfortunately, the proposed regulations under PL 102-4 do not reflect an intention by the VA to compensate all soft-tissue sarcomas other than those four sarcomas specifically excepted by PL 102-4. Apparently, the definition of "soft tissue" sarcoma has caused some confusion, since no clear definition has been agreed upon in the scientific community. However, the definition agreed upon by the authors of PL 102-4 is the same one employed by the Centers for Disease Control and many other epidemiologists. That definition includes all sarcomas in the category of "soft tissue sarcoma."

I believe that definition reflects the best scientific thinking to date as well as the clear congressional intent of PL 102-4. Since the final regulations will be issued during the Clinton administration, I would appreciate your thoughts on this matter as well as your assurance that, as Secretary, you would do everything possible to expedite issuance of these regulations so that soft-tissue sarcoma victims may begin receiving the compensation they deserve. [If you need further background on this issue, please don't hesitate to contact me or my staff.]

Answer. The term "soft-tissue sarcoma" is an imprecise term and is further complicated by the fact that not all sarcomas are "soft-tissue" sarcoma. Based upon advice from the Veterans Advisory Committee on Environmental Hazards, VA concluded that soft-tissue sarcomas should be classified by tumor type rather than tumor location, and that in order to be recognized as "soft-tissue" sarcomas by VA, tumors must be malignant and arise from tissue of mesenchymal origin, including muscle, fat, blood or lymph vessels, or connective tissue (but no cartilage or bone). Tumors of infancy or childhood, and those having a strong, known causal association with a specific etiology were excluded.

To satisfy the statutory language of Pub. L. 102-4, VA proposed to augment this list of soft-tissue sarcomas with Extrasketal Ewing's sarcoma, congenital and infantile fibrosarcoma, and malignant ganglioneuroma.

DEPARTMENT OF VETERANS AFFAIRS,
REGIONAL OFFICE,
November 23, 1992.

DEAR SIR: We cannot take immediate action on your claim for benefits based on dioxin (Agent Orange) exposure. A recent U.S. District Court Decision invalidated the regulations the VA uses to evaluate Agent Orange claims.

We will propose alternative Agent Orange regulations in the near future. However, we expect that it will be several months before the new regulations are completed. This is because the law requires that certain procedures be followed in the federal rulemaking process. For example the public must be given the opportunity to comment on the proposed regulations and the agency must publish its response to those comments.

A final decision on your claim will be delayed until the new regulations are in place. We will make the decision as soon as possible after the new regulations are effective and notify you in writing whether your claim can be approved.

There is nothing more you need to do at this time. However, please feel free to contact this office if you have questions about your claim or this letter.

Sincerely yours,

LANGUAGE FOR AGENT ORANGE CLAIMS ON WHICH ACTION HAS BEEN DELAYED

We cannot approve or deny your claim for benefits based on dioxin (Agent Orange) exposure. As you may know, a U.S. District Court decision invalidated the regulations VA used to evaluate Agent Orange claims.

The Court required VA to write new rules about evaluating Agent Orange claims. VA can award service-connected disability benefits for diseases we determine to have a significant statistical association with exposure to dioxin.

We adopted new regulations covering several disabilities claimed secondary to Agent Orange exposure, but have not yet amended the regulations to cover your claimed disability.

In January 1992, we entered into a contract with the national Academy of Sciences (NAS). NAS will evaluate the scientific evidence and report whether it finds any statistical associations between exposure and the subsequent development of diseases. Under the terms of the contract, NAS will submit its first report and recommendations by July 31, 1993. As its studies are completed, NAS will furnish periodic additional reports and recommendations covering other claimed disabilities. Such reports are to be submitted at least once every two years following the date of the first report. When we receive the NAS reports, we will develop additional regulations to apply to all disabilities claimed as secondary to dioxin exposure which were covered by the reports.

A final decision on your claim will be delayed until new regulations covering your claimed disability are in place. We will make the decision as soon as possible after the new regulations are effective and notify you in writing whether your claim can be approved.

There is nothing more you need to do at this time. However, please feel free to contact this office if you have questions about your claim or this letter.

WRITTEN POST-HEARING QUESTIONS FROM SENATOR DECONCINI TO SECRETARY-DESIGNATE JESSE BROWN AND THE RESPONSES

GENERAL BUDGET

Question 1. Over the past twelve years, many Members of Congress, including myself, and the veterans' service organizations sensed that OMB deficit reduction policies harmed the VA mission. We felt that the quality of veterans' medical care, disability benefit determination processing and other areas of veterans' benefits suffered greatly. I am convinced that a forceful and outspoken Secretary of Veterans Affairs could have mitigated the harm OMB caused by going to the President directly and arguing the merits of DVA budget positions.

Should OMB policies again result in adverse impact upon veterans programs, what would you do as the new Secretary?

Answer. In dealing with the OMB on VA's budget request, I intend to provide them with sound and reasonable information to document VA's budget needs. OMB has their job to do which focuses on deficit reduction. Our responsibility is to obtain the resources necessary to care for our nation's veterans. If it comes down to disagreement over what I believe to be VA's ability to provide vital health care and benefits delivery to our nation's veterans, I will take my case to President Clinton.

Question 2. Many in Congress have advocated that the DVA have its own appropriations subcommittee. What are your thoughts on this issue? As you know, the space station, urban development and environmental cleanup are very high priorities of the President-elect and Vice President-elect alike. As each of these priorities will place enormous funding pressures upon the VA, HUD, and IA subcommittee, what impact do you believe those priorities will have upon veterans' programs. Have you given any consideration to this potential conflict. If so, what action is needed to protect current service levels of the VA?

Answer. Having exclusive VA Appropriations Subcommittees in the House of Representatives and in the Senate implies that additional funding would be available for veterans' benefits and programs since the VA would not have to compete with the Department of HUD, NASA, and other independent agencies funded under the current Departments of VA, HUD and Independent Agencies Appropriations Act.

This is not the case because the competition for funds still exists at the full committee allocation to the subcommittees. Whether within the current Appropriations Committees structure or the proposal to separate VA activities, I expect President Clinton's priorities to include better quality and timeliness for VA health care and other benefits. Establishing these priorities for the new Administration should have more influence on the final level of resources for the VA than a change in the Appropriations Committees structure.

MEDICAL CARE

Question 3. Census data clearly indicate that large numbers of veterans have migrated from the so called rust-belt States to the sun-belt States in the past twenty years, yet the fiscal resources to maintain medical care benefits for these veterans have not followed the shifting population. What do you intend to do about the regional disparities in medical care budgeting?

Answer. Veterans Health Administration (VHA) is developing the first National Health Care Plan (NHCP) which is a planning strategy that identifies current missions and services at each of our health care facilities, identifies gaps and overlaps in services, and determines changes in medical center missions. Concurrently, beginning in FY 1994, VHA will also implement a new Resource Planning and Management (RPM) System which will allocate resources based on projected workloads utilizing historical medical center patient workload and cost data. Through the NHCP and RPM system, health care resources will be realigned based on facility need and will begin to address regional disparities of resources.

Question 4. As you well know, Secretary Derwinski had considerable problems with some veterans due to the Bush Administration's decision to begin treatment of certain non-veterans to receive medical care at two VA medical facilities on a demonstration basis. Since the VA has hundreds of sharing agreements with other Federal and State medical care providers that have enabled the VA to enhance, and in some circumstances, maintain medical care services to veterans, do you believe that non-veterans should be allowed access to VA medical facilities when some medical-care eligible veterans cannot get access or cannot secure needed care without extended waiting periods? If so, under what conditions should non-veterans be treated?

Answer. Since 1966, VA has had authority to provide specialized medical resources to community health care facilities on a reimbursable basis. Several hundred agreements are now in effect under this sharing authority and non-veteran patients of these community facilities receive care in the VA. These agreements allow the most effective use of medical resources in the community and often ensure that a particular service or resource is available to veterans that otherwise could not be supported by veteran workload alone. I intend to continue supporting sharing of specialized medical resources with community providers. Agreements that are detrimental to veterans would not be allowed.

Question 5. As your pre-hearing responses indicate, you favor unrestricted eligibility for any medical care, including care for non-service connected injuries or illnesses, provided by the VA to any veterans who have any medical care entitlement under current law. How do you intend to pay for these entitlement expansions?

Are you giving any consideration to any other proposals for the revision of veteran entitlement and eligibility? If so, please describe any proposed revision.

Answer. Yes, I stated my belief that the "American Veterans' Health Care Reform Act of 1992" developed by various veterans' groups and experts from the medical community represents a starting point for defining entitlement and eligibility for VA health-care services. In that proposed legislation, a "core-entitled" group of veterans is defined to include service-connected and other veterans currently described in section 1710 of title 38, United States Code.

I also believe that a responsible proposal to modify VA medical care eligibility must recognize fiscal and other realities. The "American Veterans' Health Care Reform Act of 1992" would make the "core entitlement" paid for by a nondiscretionary Congressional appropriation. All other honorably discharged veterans outside of the core entitled group would have eligibility contingent on offsets through reimbursements by federal or other third-party payors, direct payments by veterans or purchased managed care coverage.

I plan to lead the VA in discussions of a number of alternative proposals with veterans' service organizations, Congress and other departments in the Executive Branch to arrive at an agreement on how best to improve the current eligibility structure. In broad terms, many of these proposals are structured in ways quite similar to the "American Veterans' Health Care Reform Act of 1992."

Question 6. Some in Congress and others argue that veterans programs have risen to excessive proportions and that eligibility for any veterans' benefits, especially medical care, should be conditioned upon service or injury in a combat theater of action. What is your response to this argument?

Answer. I do not find that argument persuasive. The United States throughout its history has supported benefits for veterans who are disabled in connection with their service as the highest priority, but also has supported benefits for veterans who due to inadequate income or other factors cannot obtain the benefits for themselves. Certainly, the Department of Veterans Affairs must serve "those who shall

have borne the battle," but the contributions of those behind the front lines cannot easily and justly be dismissed.

I would particularly like to address the suggestion that disability benefits should be based on combat. Such very narrow eligibility criteria would be particularly unfair to veterans who were injured during the performance of military duty, such as during a training accident or an injury occurring in the conduct of everyday military duties. In addition, many peacetime military duties are inherently hazardous.

Question 7. To what extent, if any, do you believe means testing of medical care benefits should play in eligibility and priority of treatment for veterans' medical care. Please explain your views.

Answer. I support the continuation of the underlying principles of the two historic priorities for VA health benefits: service-connection and a veteran's inability or difficulty in providing for his or her own care. The Congress has used different ways to define this second priority, most recently in terms of specific levels of income and assets, the so-called "means test".

Question 8. As you know, many Members of Congress and leading public health officials have maintained that expanded use of contract care and integration of the VA medical care system into a national public health system would be far more cost effective and would provide far better medical care services for veterans. What are your thoughts concerning expansion of contracting out for veterans' medical care services?

Answer. My intent with regard to VA health care eligibility reform is to define a role for the VA health care system in relation to the other parts of our nation's capacity for health care delivery. Part of attaining agreement on an improvement to the current situation includes consideration of sharing with other federal and nonfederal health care providers and contracting out for certain services. Changes in the amount of contracting out would depend on defining a "core" group of eligible veterans, specifying the services that will be provided to them, and devising a way to pay for the resulting workload.

EMPLOYMENT

Question 9. In your responses to pre-confirmation hearing questions, you indicate that you believe the DVA should control the operations of veterans' employment programs. As you know, the Senate unanimously passed legislation last year which would place control of a revitalized veterans employment and training program under the Secretary of Labor. Given that the DVA does not currently have the manpower at the local level to effectively operate this program and has already voiced open hostility to it, why do you believe the VA should operate this program.

Answer. My long-standing view has been that major veterans' programs, including employment and training assistance, would be most efficiently delivered if directed by a single Department. However, I recognize there are pros and cons to that position and also understand there are major policy considerations for both the Executive and Legislative Branches to consider. I do not believe the Department of Veterans Affairs has any current hostility toward the proposal, but we are not lobbying for the responsibility of another Department either. Collectively, we will all decide to leave things the way they are, or we will determine that specific advantages in direct service to veterans can be derived by consolidation.

Question 10. Some veterans' service organizations have resisted recommendations by other VSOs that all DOL Veterans Employment and Training Service functions should be transferred to the DVA? These organizations believe that Congress should instead take a wait-and-see approach in order to give the new very highly qualified Labor Secretary a chance to improve the relationship between VETS and Congress. What is your position on the proposed transfer of VETS to the DVA advocated by some VSOs and Members of Congress? If you support such a transfer, have you given any consideration to whether the DVOPs and LVERs who are presently State employees paid with FUTA funds should be DVA employees? Please explain.

Answer. While I have supported such a transfer in the past, I believe this is a major policy issue which would require substantial study and dialogue among all interested parties. I seek a strong working relationship with DOL's Secretary-designate, his staff and his Department. Nothing should be in the way of that. If the transfer concept is worthy of current consideration, it can be addressed in our future discussions. In the end result, I want what is best for veterans.

WRITTEN POST-HEARING QUESTIONS FROM SENATOR MITCHELL TO SECRETARY-DESIGNATE JESSE BROWN AND THE RESPONSES

Question 1. Jesse, in pre-hearing questions, Senator Rockefeller raised the issue of free exchange of information with the Congress. Your response was that, in order to advance and protect veterans' rights, the Department had to "speak with one voice" and that you hoped that most Congressional information requests would come to the Secretary's office. I agree that official Administration stance on policy matters should come from information that the Committee often seeks from individual facilities or central office program officials. Such requests are an important tool in meeting our oversight responsibilities and it seems impractical to funnel every one through the Secretary's office.

A. Do you believe that VA employees in central office and the field should be free to respond directly to requests for factual information from veterans organizations?

B. (If Yes) Do you believe that Congressional offices and Committees should at the least be given similar access to VA information as the veterans organizations?

C. (If Yes) Would you send a directive to all VA staff clarifying that position to allay any fear by VA employees that there might be consequences to responding to legitimate requests for information?

Answer 1A. Yes, I do believe that various program offices and field stations should and can respond to requests for information from Committee members' offices. As in the past, VA employees will be expected to respond forthrightly and directly to requests for information from the Congress. I will also expect VA officials to follow the Department policy on reporting to the Office of Congressional Affairs on such contacts.

Answer 1B. Not applicable.

Answer 1C. Current VA policy, as articulated in Circular 00-92-9 dated April 29, 1992 (see Senator Rockefeller's post-hearing questions and answers, p. 91), informs VA employees that information requested by Members of Congress and their staffs should be made available. But to ensure the necessary coordination of operational and policy issues, any VA employee who provides such information is required to prepare a Report of Contact (except for contacts involving routine constituent case-work) and submit it to the Office of Congressional Affairs. If beneficial, I will reiterate the Department policy on this important matter.

Question 2. One of the issues considered by Congress several years ago when it elevated the then-Veterans Administration to cabinet-status was a provision in the House-passed bill that would have required the Department to maintain a regional office in every State. Opponents of the provision—which was dropped in conference—argued that it would unduly limit the management flexibility of the Secretary. None-the-less, I believe VA now maintains at least one regional office in every State.

I represent a state large in area, small in population, which is served by a single VA medical center-regional office center. The regional office would seem to be an ideal candidate for relocation or consolidation with other northern New England State regional offices. Have you given any thought to the question of retaining a regional office in every State?

Answer. I have no plans to change the current structure of operating at least one regional office in every state.

Question 3. Based on your long involvement in matters relating to VA's adjudication of claims, what is your view on allowing the General Counsel to settle cases decided by the BVA and then appealed to the Court of Veterans Appeals?

Answer. I understand the General Counsel is now settling cases before the Court, on behalf of the Secretary. While it is important to preserve the integrity of the VA adjudication process, it is equally important to ensure veterans receive benefits in a timely manner. Where fairness requires corrective action, it should be taken expeditiously. Settlement of pending litigation is certainly one method to accomplish this. However, I would like to learn more about the advantages and disadvantages of the present settlement practice before I respond definitively.

WRITTEN POST-HEARING QUESTIONS FROM SENATOR MURKOWSKI TO SECRETARY-DESIGNATE JESSE BROWN AND THE RESPONSES

Question 1. Mr. Brown, in one of your written answers to pre-hearing questions by Chairman Rockefeller, you stated:

"... I would ensure that the VA is afforded the opportunity to play a major role in the early decision-making process on all issues affecting VA programs benefit."

I have been advised that the Office of Management and Budget is asking the VA to provide projected dollars-level savings that VA anticipates gaining from the Fed-

eral prescription drug-pricing legislation that members of this Committee authored in the last Congress.

OMB's interest in a hard number is for budget-formulation purposes. This could mean that in OMB's coming FY 1994 budget "mark," VA may sustain budget reductions for prescription drugs, based on the anticipation of falling VA drug prices in the future.

Assuming this information is true, and in consideration of your stated intention above, what will you do, in this particular instance, to ensure that VA plays a role in the early decision-making process?

Answer. OMB has requested projected dollar savings from the prescription drug-pricing legislation. However, the Department is unable to calculate an impact estimate without utilization experience and has declined to provide such an estimate to OMB and does not plan to do so until the FY 1995 budget cycle. Reductions in price will, of course, offer opportunities to realize savings. Countervailing that effect will be the need to replenish severely depleted formularies. Therefore, the Veterans Health Administration needs at least six months of actual experience before preliminary impact statements are calculated.

Despite the current uncertainties of making an impact statement, I will assess the potential for diverting any savings into the highest priority needs for veterans health care in the FY 1995 budget. I will be directly involved in establishing these priorities. In the interim, I will speak directly to OMB Director-designate Leon Panetta regarding this issue and I will take whatever other actions may be necessary to ensure that the budget request for the medical care account is not reduced in response to reduced prices for pharmaceuticals. Any price reductions achieved in FY 1992 would be used by the Department to offset the cost of administering the law and to return formularies and patient care services to their former (pre-Omnibus Budget Reconciliation Act) levels.

Question 2. Much has been said about VA serving as a "model" or "laboratory" of health-care reform. If, indeed, President-elect Clinton intends to push for universal health-care access for all the people, what is the proper role for VA? Is VA still to be considered a model for the nation at large?

Answer. This question can be answered more precisely after the President-elect's health care plan has been fully developed. However, it is my expectation that VA will play a highly significant part in the total national effort to meet the health care needs of Americans.

The VA currently serves over 2½ million veterans each year. It operates the largest fully integrated health system in the country. The VA system is not only a crucial part of the direct delivery of care to Americans, but it also plays a key role in American medical education and medical research. These are the facts whether or not VA is regarded by others as a "model" to follow.

Because VA has a fully integrated care system; because it possesses many unique treatment and rehabilitation capabilities; because it has vital medical education and research missions; and because it delivers quality care at very reasonable costs, I am quite confident that VA will be an important adviser and player in the new Administration's overall health care plan.

Question 3. There are strong advocates for greater use of alternatives to institutionalization in VA health care. For example, they call for increased VA reliance on primary care and preventive services; non-physician-managed programs, as well as the hospice and respite care approaches to chronic diseases. These approaches are much less expensive than traditional programs and they promote improved quality of care and quality of life for those affected. VA has been making progress, but much more needs to be done in this area.

Question 3(a). How will you approach the need for these non-traditional services in the VA health-care system? Specifically, can we trade off some expensive hospital and nursing home beds for these alternative programs?

Answer. We are actively pursuing these trends. Our new VA National Health Care Plan defines, for the first time, enhancement of primary care services as our top priority. We have also recently begun a pilot program of mobile clinics able to offer primary care to rural veterans with access problems. Each VA medical center now offers hospice services, either on an inpatient or outpatient basis. We are also expanding those elements of preventive care which are cost effective although current eligibility rules do impose some barriers as do resource constraints. (Although many preventive care services are cost effective over the long run, they do so mostly through disease/disability prevention—or minimization—and thus lower future costs. However, they do require current resources to initiate and provide and thus compete to some degree with services for veterans who are already ill and need care.) We are also enthusiastically developing alternatives, when clinically suitable, for nursing home placement. Even with these efforts, however, the dramatic in-

crease of elderly veterans will drive us to increase, rather than decrease the number of VA nursing home beds (for those veterans for which no clinically suitable alternative exists). We have been and will continue to convert unneeded acute care beds. However, it would be misleading to fail to note the shortage of some expensive acute care beds—intensive care beds—at some of our facilities. We are actively studying issues of appropriateness of the treatment site—data suggests that many episodes of acute inpatient care could be managed as well, sometimes better, in less expensive settings. However many factors, including eligibility rules, the veteran's social support system, access to those services in alternative settings, and clinical judgment play roles here. We are committed to developing initiatives to further movement towards the most cost efficient mechanisms that insure quality health care as rapidly as we can do so responsibly.

Question 3(b). Can you move the system towards these programs, without the infusion of major new resources? How would you approach such a task?

Answer. Yes, we already are moving in these directions as I noted above. However, as you know, despite gaining what appears to be substantial increases in our health care budget for the last three years, this came after ten years of essentially "straight line" budgets (in constant dollars) and even these recent increases do not match the rise of non-VA health care inflation. Moreover, those increases in our budget were often associated with specific new initiatives, programs or eligibilities. Thus, we start after well over a decade of strained budgets and the impact on the systems' infrastructure, equipment backlog, and reserve have been marked. One must also understand that as new ambulatory and primary care services are offered, eligible veterans who may have been untreated or used other providers are attracted. Thus while costs for those patients treated at a needlessly intense (and costly) level of care go down, the number of patients treated goes up and some of them will periodically need the more intense services. In sum, our experience (and that of other providers of health care) is that as new services are added, even inexpensive ones that patients previously using more costly ones can utilize, overall costs tend to go up, not down, although more patients are treated and receiving more appropriate care. The bottom line is that we do need a major infusion of resources to fully carry out the job we should for our veterans though we may be able to garner some of those resources from sources other than direct appropriations. And I am fully committed to doing our work in the most efficient manner possible so long as the quality of care provided is not compromised.

Question 4. You have endorsed the recommendations of the VA's 1990-1991 so-called "Mission Commission." Do you envision the Commission's report as a kind of management "blue print" during your term at VA?

(a) Are you concerned about any participate recommendations of the Mission Commission? In other words, will you not implement some of the Commission's recommendations, and if so, which ones?

Answer. The Mission Commission's Report can serve as a strategic guide for my term at VA. It is not detailed enough to be considered a blueprint by my definition nor did the Commissioners intend it to be. I expect to review the specific plans developed by VHA to implement the Commission's recommendations and will then determine whether the proposed implementation steps are acceptable.

Question 5A. Do you support repeal of four-year terms for the Under Secretaries for Health and Benefits?

Answer. I am not yet prepared to take a position on the proposal to eliminate the terms for these positions, but I am willing to hear and weigh the arguments on both sides of the question.

Question 5B. What is your view on keeping or replacing such key executives (as the Under Secretaries)?

Answer. The ability to choose one's own key executives is clearly a plus for a chief executive officer of any large organization. When it involves replacing incumbents, however, it is not a simple decision since a case can be made for the benefits of continuity. Be assured such matters will receive careful and thoughtful attention, if I am confirmed.

Question 6A. As Secretary of Veterans Affairs, would you continue to advocate service-connected disability compensation for the usual or expected complications of properly administered medical treatment?

Answer. In my former capacity as Executive Director, I advised Chairman Cranston last April that DAV did not believe VA had made the case for its proposal. As Secretary, I would seek early briefings on the issue and not hesitate to propose appropriate legislation as sound policy dictates.

Question 6B. If priorities must be established for health care, how would you rank the interests of an economically successful veteran with a 10% service-connected dis-

ability against those of a low income, combat infantryman, lucky enough to have escaped without injury from military service?

Answer. I have stated my view that our nation has a moral obligation to provide care to those persons who were disabled in service to their country. I have also stated, however, that I support an eligibility system under which a "core group" of veterans, including both service-connected and the low income veterans, have entitlement to VA health care benefits. Our nation has committed itself to operating a distinct health-care system for those who served, and providing care to a "core group" which includes nonservice-connected veterans is essential to the viability of that system. Service-connected veterans simply do not provide a sufficient population base to support the type of functioning health-care system which the nation has committed itself to. I believe VA will continue to have the means to meet the needs of a "core group" of entitled veterans which includes low income nonservice-connected veterans.

Question 6C. What criteria will you use in establishing priorities between different groups of veterans?

Answer. As I stated above, providing care to a "core group" of veterans is essential to the continuation of a distinct VA health-care system. The "core group" should include both service-connected veterans and low income nonservice-connected veterans. In addition to service connection, income is an appropriate consideration in determining which veterans should be included in the "core group."

Question 7. VA has initiated a comprehensive program to assist homeless veterans in Anchorage, Alaska. Are you committed to seeing the project through to completion and providing it with the resources it needs for on-going operation?

Answer. We are very committed to the development and support of the comprehensive program to serve homeless veterans in Anchorage, Alaska. We have set aside approximately \$1.4 million from the \$10 million appropriated in FY 1993 for specialized homeless veterans treatment programs to support the Anchorage initiative. More than \$400,000 have been sent to VAOPC Anchorage to hire staff for both the Homeless Chronically Mentally Ill (HCMI) Veterans Program and the Domiciliary Care for Homeless Veterans (DCHV) Program. In addition to the resources dedicated from the homeless veterans program appropriation, approximately \$630,000 have been earmarked from specialized Post-traumatic Stress Disorder (PTSD) and Substance Abuse Program Enhancement Funds to support additional program components within the Homeless Veterans Domiciliary program and to support a Compensated Work Therapy Program.

Search for an appropriate building to house the 50 bed Domiciliary continues and \$3 million have been set aside for purchase and renovation. In the interim, space is being leased from Humana Hospital to establish a temporary domiciliary care program.

In addition, VAOPC Anchorage has leased from HUD 3 buildings with four two-bedroom apartments in each building to serve as transitional residences for homeless veterans who are not in need of the more intense bed-based care offered by the domiciliary.

In summary, we have committed to providing approximately \$2 million in recurring resources to maintain the Anchorage Homeless Veterans Program and \$3 million in non-recurring construction funds to purchase and renovate a building for the Domiciliary Care Component of this program.

Question 8A. Your testimony indicated that you look to third party reimbursement, especially from Medicare and Medicaid for the resources needed to expand VA health care services for veterans now considered "non-mandatory." What services do you contemplate for so called "non-mandatory" veterans? Would you seek a complete continuum of care for them?

Answer. I would consider a basic set of services for such non-mandatory veterans rather than a full continuum.

Question 8B. Do you have data to show that these reimbursements would be adequate for such an expansion?

Answer. See answer to (C) below.

Question 8C. If third party resources would not fully fund expanded services, how much appropriated funds would be needed to meet these goals?

Answer. Some veterans already receive VA care with reimbursement collected, but not retained by VA for the costs of such care. If the services provided to them were covered by the terms of the third party insurance, or in some national set of services under national health reform, reimbursement, it would cover such costs if retained by VA. Data have been provided to members of the Committee staff in this regard.

Question 8D. Do you see a risk of at least partial control of VA health care programs shifting to the Department of Health and Human Services (HHS) if VA care is funded by Medicare/Medicaid? How would you deal with that risk?

Answer. No, the Congress would authorize programs and appropriate funds for VA. Reimbursement from Federal third parties to VA would be similar to reimbursements to non-VA providers and reflect the actual delivery and cost of care for veterans with dual eligibility.

Question 8E. How would Medicare/Medicaid reimbursement rates be set?

Answer. I presume such rates would be the same as those for comparable non-VA providers.

Question 8F. How would you prevent medical center directors from seeking to increase their funding by admitting Medicare or Medicaid eligible veterans at the expense of non-eligible ones?

Answer. The main distinction is between mandatory and non-mandatory veterans. Title 38 and regulations related to eligibility for VA health care services could prevent such selection practices.

Question 8G. Would reimbursement from Federally funded third parties, like Medicare, allow VA to "double-dip" by using third party reimbursement for treatment already covered by direct appropriations to VA?

Answer. No, not if a distinction were made between mandatory and non-mandatory eligibility for VA services and funds were retained.

Question 9. As the result of publication of a VA-funded Institute of Medicine study, VA announced plans to publish changes in regulations that will liberalize the criteria for making service connected certain diseases identified as caused by mustard gas exposure. Publication of the regulations will take place during the next Administration. Will you see the rule-making process through to completion on mustard gas-related diseases?

Answer. Yes, I will.

Question 10. VA has established a process to follow up on the possible health effects of military service in the Persian Gulf during Operation Desert Storm. Do you support VA's actions? Will you continue them? Do you plan any changes in VA's program of services for Desert Storm?

Answer. I fully support VA's current mandated and Department initiated efforts to resolve the various health care issues raised as a consequence of the service of American troops in the Persian Gulf. These efforts will be continued under my administration. In particular, I will ensure the continued availability of VA's Persian Gulf Health Registry examination program, as required by Public Law 102-585, for concerned Persian Gulf veterans. I believe that such a registry provides Persian Gulf veterans with an excellent opportunity to have their current health status diagnosed and resulting examination data included in a computerized registry. This computerized database serves as a mechanism for health surveillance and outreach to all registry participants. The provision of appropriate health care to eligible Persian Gulf veterans, such as that now being provided at all VA health care facilities, is essential to meeting the Nation's commitment to serving the needs of these individuals. I wish to assure you that I will conduct a continuing review and assessment of the effectiveness of current VA Persian Gulf-related policies. Future program changes, if any, will be initiated based on that assessment.

Question 11. What steps will you take to ensure that the Department of Veterans Affairs remains responsive to the needs and concerns of Native American and Alaska Native veterans?

Answer. 1. The Department of Veterans Affairs is committed to the population it serves. This commitment incorporates the approximately 160,000+ living Native American/Alaska Native Veterans. As more Native American/Alaska Natives seek treatment from VA facilities, it has become increasingly important to seek improved methods of providing access to direct delivery of care.

2. This mandate of responsiveness includes the following area:

continue to maintain and enhance outreach service efforts to this underserved population

further develop staff sensitivity to cultural differences and unique medical problems found in this population

incorporate traditional Native American/Alaska Native ceremonial practices into our conventional medical regimes

seek to encourage and advertise employment opportunities for this population in the Department of Veterans Affairs.

3. The Mobile Health Clinic, a two-year pilot project, was implemented in November 1992 at six VA sites across the United States. The prime objective of the Mobile Health Clinic is to meet the health needs of veterans living in rural and remote areas. This outreach service has been successful in providing health care delivery to Native American veterans who geographically are located in rural/remote areas. For many of these veterans, these visits have become entry points towards access to the greater VA health care system.

4. Several of our VA Medical Centers have entered into sharing agreements with the USPHS Indian Health Service as well as other agencies to promote the coordination and delivery of services to Native American/Alaska Native veterans. Included are in-service training programs for VA staff to better understand the cultural differences and beliefs of Native Americans/Alaska Natives as they relate to health care. Incorporated into the methods of delivery care have included the implementation of various VA facilities of the following: Traditional Healers, Talking Circles, Sweat Lodges, and other equally viable ceremonial practices.

Question 12. It is clear that the veteran population is aging in all States. What level of personal commitment do you bring to the existing VA mission of grants for constructing and operating State Veterans Homes to meet the increasing need of veterans for long-term care (including the need for skilled nursing care)?

Answer. The State Home Program currently has 70 State Veterans Homes in 40 States. There are 42 domiciliary care units in 31 States, 64 nursing home care units in 36 States, and 5 hospital units in 4 States. In FY 1991, the total obligation for construction grants was \$54.8 million and the grants for operating expenses were \$97.8 million for all three levels of care. In FY 1992, the total obligation for construction grants was \$4.6 million and the grants for operating expenses were \$113 million for all three levels of care. Projected for FY 1993, the obligations for construction grants could reach \$123 million and the grants for operating expenses are \$129.3 million for all three levels of care. The carry-over of State home construction grant funds in the amount of \$95.5 million into FY 1993 is the result of many States not being able to obtain State matching funds during Fiscal Years 1991 and 1992. The Department of Veterans Affairs will continue to support the State Home Construction and Per Diem Programs.

Question 13. Under your leadership, how supportive will the Department of Veterans Affairs be to requests from various States to use excess property, where available on VA Medical Center grounds, to construct state veterans homes?

Answer. The Department of Veterans Affairs has transferred land to the States of Tennessee and Virginia for construction of state veterans homes at Murfreesboro and Salem respectively. As recently as 1991, over 7 acres were transferred to the State of New York for construction of a state veterans home on the grounds of the St. Albans VAMC. A plan to transfer VA land to the State of Pennsylvania is pending. The Department of Veterans Affairs will continue to support the transfer of land for these purposes.

WRITTEN POST-HEARING QUESTIONS FROM SENATOR SIMPSON TO SECRETARY-DESIGNATE JESSE BROWN AND THE RESPONSES

Question 1. Jesse, I know you to be a passionate fighter for veterans' benefits. Some have predicted that you may have problems obtaining the things that you have always advocated, now that you will be the Secretary of VA. Please explain how you will balance your passionate fight for veterans' benefits with a limited federal budget and a national debt of \$4.2 trillion.

Answer. As I noted in response to the pre-hearing questions, the funding of VA programs is not responsible for the huge growth in federal spending. Between Fiscal Years 1977 and 1991, the percentage of federal outlays for VA has declined from 4.4 percent to 2.2 percent (see note).¹

Question 2. I understand that the Disabled American Veterans organization is pushing for a total consolidation and reorganization of the eligibility requirements for veterans who use VA Hospitals. Would you please tell us how you would approach this plan from your new position as the Secretary of the VA?

Answer. As I described in responses to questions in advance of my confirmation hearing, I believe that the "American Veterans' Health Care Reform Act of 1992"

¹ NOTE: Based on the "Budget Baselines, Historical Data, and Alternatives for the Future," dated January 1993, in 1991 the percentage of federal outlays for VA had declined to 2.4 percent.

VA is in need of fundamental structural change in the way it delivers benefits and services. This comes at a time when planning must assume that the Federal Government's fiscal outlook is unlikely to improve in the near future. Doing more without major increases has been, and will continue to be critical. Significant changes in resource requirements are possible only if the difficult issues are addressed in VHA and VBA. For VHA, the National Health Care Plan within the context of eligibility reform has to be implemented to improve the efficiencies in the operation of this system. For VBA, the consolidation of claims and benefits processing, which the automation technology will allow, is the way to greater efficiencies in this operation. In both cases, better service to veterans should be the first consideration and efficiencies can still result. However, these changes will take several years.

developed by the various veterans' groups and experts from the medical community represents a starting point for defining entitlement and eligibility for VA health-care services. Under this proposal, there would be a basic distinction between a "core-entitled" group of veterans which consists of service-connected veterans and other veterans currently defined in Section 1710 of Title 38, United States Code. Another group of "general eligibility" veterans outside of the "core-entitled" groups would be eligible for care contingent upon the ability to offset the costs of care through collection and retention of reimbursement by private and federal third-party payors, direct payments, or purchased managed care packages. Further, a nondiscretionary Congressional appropriation would be made for the cost of care to be provided to the core-entitled group of veterans.

I would foresee considerable discussion with various veterans' service organizations, other parts of the executive branch and members and staff of Congress as part of any approach to reform eligibility for VA health care services.

Question 3. Last year, you and I disagreed vehemently on the rural health care initiative. This program would have allowed non-VA (civilian) physicians to treat some veterans in remote areas, such as Tuskegee, Alabama. This initiative would have also allowed some non-veterans to be treated at VA Hospitals. In light of the national debt and the low national occupancy rate of VA Hospitals—which was 68% in 1990—and the fact that there already exist thousands of sharing programs between the VA and other federal agencies, do you feel that the VA must eventually enter into some type of sharing agreement program similar to the rural health care initiative, in order to continue to serve our veterans?

Answer. It seems necessary to consider two major points when discussing any initiative like the Rural Health Initiative. First, the most pressing issues facing the Department's health care system are the same as those facing the nation's health care system as a whole: Quality of care; eligibility reform and national health reform (access and continuity of care); and funding (cost of care and financing). All three issues are interrelated and should be addressed concurrently.

I intend to work to ensure that the VA and its veterans contribute to changes which improve the nation's health care system. It appears to me that there is a need for an extensive educational effort concerning the capabilities of the DVA health care system government-wide. It is important that this situation be changed if the Department's views are to be properly incorporated into the Clinton Administration's health care reform proposal.

Question 4. Many veterans' advocates argue that the VA must "be at the table" when any National Health Care Plan is considered. Yet, historically, when the Congress has tried to include the VA along with other agencies in some type of National Health Care Plan or sharing agreement, such as the rural health care initiative, it is considered a dastardly ploy intended to hurt veterans. Do you see any common ground between a National Health Care Plan that involved the VA system and some sort of sharing agreement?

Answer. I agree that the VA should "be at the table" when any national health care plan is considered. There are examples of where the involvement of VA and other agencies in sharing agreements has worked very well under Congressional authority for sharing between VA and DOD and between VA and nonfederal entities. In the area of sharing with Department of Defense, there are literally thousands of sharing agreements which are clearly beneficial to both departments. It makes little sense for DOD to pay premium dollars to a nonfederal provider of health care services when the same care could be purchased from DVA at less cost while maintaining the same, or in many cases, great quality of care.

The important issue is the invited participation of VA in the planning and execution of agreements which are of mutual benefit to VA, DHHS, DOD and other providers.

Question 5. I was interested by your response to the Majority's pre-hearing question, regarding the expansion of sharing agreements between the VA and the Department of Defense (Question No. 28A). Your answer states, in part: "I also believe the time is upon us when we must look beyond the traditional method of sharing and move toward the actual provision of direct health care services between the beneficiaries of both health care systems." Please expand on this answer and tell me if you foresee the possible merging of the two health care systems—DOD and VA—one day.

Answer. As I suggested in answers to your previous questions, I believe that there are many similarities in problems facing all providers of health care in our country—DVA, DOD, DHHS and nonfederal providers. There are, of course, differences in administrative problems between a direct care delivery system such as those of DVA and DOD and third party payor systems such as Medicare. In my answer to the prehearing questions, I was stating my belief that the DVA system can contrib-

ute to solving problems in all systems in ways that are less recognized than they should be.

Of particular importance, it seems to me, are the four integrated missions of the DVA. Patient care, education and training of health care professionals, research (particularly in the areas of programs and specialized treatment modalities unique to veterans' needs), and backup to DOD. These four missions present remarkable opportunities to look beyond the traditional methods of sharing. The likelihood of merging the health care systems of DVA and DOD really depends on the development by the Clinton Administration and Congress of national health care reform and decisions about statutory missions of DOD and DVA. I plan to actively participate in such developments.

Question 6. In one pre-hearing question regarding veterans' employment (Question No. 45B), the answer given states: "One veterans' organization has suggested that the Veterans' Employment and Training Service should be transferred to the Department of Veterans Affairs." I strongly disagree with this proposal. The Department of Labor has traditionally administered this program and has done an extremely good job. Last year we heard the Undersecretary of Labor for the Veterans Employment system testify that he felt it would be a grave mistake to transfer the administration of this program to the VA from the Department of Labor. Please tell us your views on this subject.

Answer. My long-standing view has been that major veterans programs, including employment and training assistance, would be most efficiently delivered if directed by a single Department. However, I recognize there are pros and cons to that position and also understand there are major policy considerations for both the Executive and Legislative Branches to consider. I do not believe the Department of Veterans Affairs has any current hostility toward the proposal, but we are not lobbying for the responsibility of another Department either. Collectively, we will all decide to leave things the way they are, or we will determine that specific advantages in direct service to veterans can be derived by consolidation.

Question 7. In December, President-elect Clinton reacted favorably to former President Reagan's suggestion to review and implement outstanding Grace Commission recommendations. Do you support implementation of those recommendations? (Grace Commission was formed to cut out waste throughout the Federal bureaucracy.)

Answer. A quick review of the report shows that in some cases the recommendations laid out actions which VA itself had previously suggested, and/or VA was already pursuing. Other recommendations required enactment of legislation which has been accomplished and appropriately implemented by VA. Any recommendations which have not been addressed to date must be reviewed in the light of changes in legislation, regulations and procedures since the 1983 report. After such review I will, if confirmed, be in a position to address those recommendations over which I have authority as Secretary and to propose to Congress any legislation which is needed.

Question 8. President-elect Clinton says a "Revolution in Government" is needed. How would you "revolutionize" the VA bureaucracy?

Answer. Revolutionizing the VA bureaucracy must have as its goal the streamlining of the veterans benefits and health care delivery systems. Two of my major objectives, therefore, are to reform health care eligibility criteria and to improve the benefits claims process.

The achievement of these objectives could likely entail a restructuring of VA. Fortunately, I am told VA has recently taken a step towards the achievement of these objectives with the completion of a comprehensive analysis of its Central Office staffing and functions. This, admittedly, is just a start, but I intend to build on it in making the most efficient use possible of the Department's resources in the pursuit of my objectives.

Question 9. The nonpartisan citizens against government waste has documented \$922 billion in savings over five years by cutting government waste. How much do you believe could be saved by eliminating government waste in your Department?

(Follow Up) Could you please report to this Committee by March 15 as to what you plan to do?

Answer. I will analyze the cited findings in light of my duties as Secretary, should I be confirmed, and report back to you by March 15th. As Secretary, I pledge the Department's vigilant pursuit of fraud, waste, and abuse.





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